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The Week

THE first week of the London Conference has exhibited the usual history of such gatherings. The newspaper men, taking at their face value the protestations of good will and assurances of success found in the opening speeches, have been alarmed to discover, as negotiations actually began, the widest possible differences of opinion among the delegations of the various countries. This time, it is the United States in particular which is represented as the villain of the piece. Just when every other power was prepared to stabilize the chief currencies in their relation to one another, the Americans suddenly repudiated the agreement. But what on earth did anybody expect? It has been clear for months that Mr. Roosevelt, and his advisers put domestic recovery ahead of everything else. The chief item in the program for domestic recovery, as they see it, is a sharp increase in the price level at home. They believe, and with good reason, that an attempt to fix the ratios of dollar, pound and franc at this time might result in stationary or declining prices in the United States, and

put an end to the faint but unmistakable signs of recovery which have appeared in the last few weeks. They do not propose, therefore, to agree to stabilization until they also have the complete picture of the other results of London, including action on tariffs, quotas, embargoes, restrictions on currency export, action on international private debts, and the like. In other words, they will not stabilize the dollar internationally unless they are sure, (a) that this action will not interfere with inflationary developments at home and (b), that stabilization is at a level which can be maintained indefinitely without any undue strain. There has been some ineptness, some bungling in putting forward the American position; inexperience in these affairs has played a part in creating unnecessary momentary confusion. But the heads of the chief European delegation should have known what the American attitude would be. If, as seems probable, they tried to sweep our representatives off their feet and obtain an agreement contrary to settled American policy, they were resorting to dubious political tactics which are as undesirable as they have proved to be ineffective.

SOVIET Russia's proposal to the other nations at London that she would buy from them 1,000 million dollars' worth of goods of many sorts if they would only provide reasonably adequate credits is the most solid piece of common sense which that Conference has yet heard. Here are all the nations worrying about trade barriers, and being unable to reduce them because everybody wants to sell while, apparently, nobody wants to buy. But there is only one way for a nation to sell in international trade without buying, and that is to lend its customer the necessary money. And so the U.S.S.R. comes along and offers to buy without selling, by accepting the necessary credits. The offer is beautifully adapted to the situation in which the capitalist nations conceive themselves to be. As outlined by M. Litvinov, it would remove the unwieldy surpluses from many markets and give employment to many industries. If the other countries do not accept it, they give final proof of their insanity. While this is a practical proposal, seriously intended, it is also an amusing demonstration of the fact that trade barriers,

which interfere so sadly with the operation of capitalism, arise from capitalism itself. A nation which is concerned primarily with raising the standard of life of its people does not bar out goods; it is glad to accept from others all it can get.

NO SOONER had Congress adjourned than the Department of Agriculture went ahead to announce its carefully laid plans for wheat and cotton, under the new legislation. To wheat will be applied the domestic-allotment plan, under the administration of one of the chief exponents of this plan, Mr. M. L. Wilson. Through state and county organizations under the leadership of agricultural extension workers (the county associations being composed of wheat farmers themselves) the growers will be offered an opportunity to sign contracts entitling them to benefit payments on that proportion of their crops ordinarily consumed in the domestic market (about 80 percent), provided they will agree to cut their acreage as much as required by the Secretary of Agriculture, up to 20 percent. Census figures show former wheat acreage by states and counties; the farmers of each county will individually declare their acreage for the past three years, and the total of acres thus declared must check with the census figure. Since a claim of too much by any one farmer will rob his neighbors in the county, the participants may be counted on to prevent errors on the part of one another. Money to pay the benefits will be collected by a processing tax sufficient to raise the farm price of wheat enough so that a bushel of wheat will be worth as many manufactured goods as before the War. At present prices, that tax will be about thirty cents; if carried on to the consumer without pyramiding, it will add about a half a cent to the cost of a loaf of bread. And the administration is concerned to prevent pyramiding.

TO COTTON a somewhat different plan is being applied—a combination of the leasing and option schemes. The government offers to lease from cotton farmers 25 percent of their land, at a minimum rental varying according to the past yield of that land. The leased land will be held out of cotton production until the surplus and its effect on cotton prices are sufficiently reduced. Any farmer signing this contract has the right to take an option, at six cents a pound, on cotton now in the government's hands—as much as the land he leases would have grown. If the price goes up as a result of the plan, he can sell the cotton at a profit; if it goes down, he does not exercise his option, and loses nothing. But if this speculation does not appeal to the farmer, he can forgo the option entirely and lease his land at a somewhat higher figure. The processing tax on cotton, levied to pay for the leased land, was opposed by some of the milling interests. But, as Secretary Wallace points out, they are now selling print cloth at a price which could be maintained at a much higher value of cotton than now exists.

Even if the processing tax contemplated should be passed on to the consumer in its entirety, it would add not more than five cents to the price of a \$1.50 shirt.

WHILE these plans are proceeding at home, the government is negotiating abroad with the other chief wheat-exporting nations to see whether an international agreement on production and an assignment of export quotas can be reached, in order to reduce the surplus hanging over world markets. If such an agreement can be made, it will help to sustain world wheat prices, which otherwise would be left free to move as they might, except in so far as they were affected by output restriction in this country. The domestic-allotment plan in itself aims only to increase the price of that part of the wheat crop consumed at home. Nevertheless, the administration ought to know about how much wheat is likely to be exported in order to fix the acreage reduction most intelligently. The percentage of reduction to be required will therefore not be decided upon until the world wheat conference has come to some conclusion. Canada is ready to negotiate; there are some doubts about Argentina and Australia. Naturally each of the exporting nations would like as large a share as possible of the world market, and this will give rise to some shrewd trading. Nevertheless, the bargaining power of this country is likely to be sufficient to bring about an agreement of some sort, since we already have a large surplus which would have a bad effect on prices if it were dumped on the world market, while we are prepared under the new legislation to go it alone if that becomes necessary.

THE industries are tumbling over one another in their haste to draw up codes under the Industrial Recovery Act. Two of the most important which have been announced as we write are those covering oil and cotton textiles. The oil agreement is distinguished by the fact that it grants the President the right to fix both minimum and maximum prices—one of the requirements of a sound plan for the industry as explained in a recent issue of *The New Republic*. No price fixing and quota allocation at all could be tolerated unless the power over maximum prices were included, but many in the industry fought the provision vigorously. The cotton-textile industry naturally devotes most of its attention to labor conditions; it has agreed to a maximum forty-hour week, and a minimum wage of \$11 weekly in the North and \$10 in the South. When we remember how, even in the North, forty-eight-hour laws for women were vigorously opposed a few years ago, while in the South the sixty-hour week was common, the hours limitation seems almost a miraculous advance. The minimum wages are pretty low but even so they are far higher than have been paid recently in many establishments. And the way is open for the unions to raise them through organization and collective bargaining.

THE long expected open break between the Dollfuss government in Austria and the Nazis has at last taken place. After a series of bombings which Austrian police say can be definitely laid at the door of Austrian Hitlerites, the entire Nazi organization has been outlawed. Fines and jail sentences will be meted out to everyone who wears a Nazi uniform or engages in any political or military activity on behalf of the movement. It is impossible to predict the outcome, but obviously the situation has extremely grave possibilities. No fundamental political principle is involved in the differences which separate Chancellor Dollfuss from his colleague in Berlin. The head of the Austrian government and leader of the Christian Social party, the anti-Semitic clerical party of Austria, is every whit as reactionary, as nationalistic and as dictatorial as his German opponent. What he fears most from a Nazi victory, however, is the domination of Austria by Germany, for the National Socialist party of Austria is frankly a subsidiary of the German movement of the same name. Its official director, until his deportation from Austria a few days ago, was the Reichstag deputy Dr. Habicht, who was made the official press representative of the German legation in Vienna to obtain his immunity from persecution at the hands of the Austrian government. Like his famous predecessor, the late Dr. Seipel, Chancellor Dollfuss is unalterably opposed to union with Germany. In his fear of a National Socialist victory he has appealed for support to Great Britain, France and Italy, thereby exposing himself to the vehement attacks of the Pan-Germans of his country who denounce him as a traitor to the German cause.

THERE is a fly in the ointment of the confident Austrian Nationalists, however: the fact that the idol of all good Fascists, Benito Mussolini, is so openly espousing the cause of Dollfuss. On his recent return from Rome, the latter issued a statement which said in part: "I had an opportunity to discuss our own disturbed situation with Premier Mussolini in two long interviews. I may say emphatically that he declared himself and the Italian people to be the warmest supporters of an independent and autonomous Austrian people. He requested me to transmit this message to you to encourage you in your admirable stand for our beloved country." The Italian dictator has on several occasions indicated to his German brethren that the interests of Italy are nearer to his heart than the ambitions for a Greater Germany which dominate the foreign policies of the Hitlerites, nevertheless Mussolini's open support of Chancellor Dollfuss against his German admirers will not persuade them to discontinue their campaign against the present regime. It seems out of the question that Dollfuss will be able to control the governmental machinery of Austria much longer. His own Christian Social party, especially in the rural districts, is permeated with National Socialist sentiment. The Pan-German party, which is still a part of his coalition govern-

ment, has allied itself openly with the National Socialists. In recent municipal elections in Upper and Lower Austria the Social Democrats, heretofore the largest party in Austria, are losing ground to the Hitler movement. With their many sided political activities, the Nazis are attracting thousands of young people into their ranks who never before manifested the slightest interest in politics. The wave of resentment over Austria's helpless condition under the St. Germain Treaty, and of enthusiasm for nationalism, may yet sweep Dollfuss and his party from the seat of power.

THIRTY-SEVEN ships are about to be built for the United States Navy. Thirty-two of these will be constructed with funds from the recent \$3,300 million appropriation for public works, and are expected to cost about \$238 million; the other five were previously authorized, and the cost is not stated, though it is certain to be many millions more. The excuse for building these vessels is that unemployment will be relieved, and private shipyards kept going which might be useful to the United States in time of war. We are of course entitled to build them, under existing naval treaties, since we have not fulfilled our quotas. It is easy to understand the political motives which caused President Roosevelt to throw this sop to the militarists; but at the same time we cannot agree that the action was necessary or wise. Under no reasonable interpretation can these vessels be called part of a purely defensive equipment for this country. If they are necessary at all—and we have seen no evidence that they are—it is on the theory of worldwide imperialistic ambitions for the United States which have now been repudiated both by American public opinion and explicitly by Congress itself in voting to free the Philippines. The militarists, to be sure, will offer you a deluge of charts and statistical tables "proving" that we must have these ships, and many more; but they would also, if given the opportunity, present similar tables proving that our entire national income ought to be devoted to armament. The waste of this money is particularly regrettable while America is still dotted with slums, while thousands of railroad grade crossings continue to imperil life, and while there are so many other crying needs for useful construction. Since, however, these ships are to be built, the only sensible procedure is to wait until they are completed, down to the last gun turret and loud-speaker system, and then take them out in the middle of the Atlantic Ocean and sink them. This will save us their enormously expensive upkeep. It will be a token of our pacific intentions. And it will be a vivid illustration of the crazy economic system under which we live, whereby men can be kept from starvation only by useless labor expended on needless instrumentalities of murder.

FOR the first time in years there is a ray of hope in regard to Cuba. American Ambassador Welles has offered to act as mediator and bring all factions

together in the attempt to find some satisfactory compromise which will bring to an end the present impossible situation. There have been signs recently that President Machado felt his position was rapidly growing untenable, and it is not too optimistic to believe that the solution may include his retirement from office. Certainly, on no other basis can peace be restored in Cuba. Machado's regime has been marked by a cold-blooded ruthlessness, a wholesale resort to torture and assassination of political opponents horrifying even in Latin America, where politics is so often marked by brutality. While the factions which are opposed to him are also to some extent opposed to each other, they are united, and rightly so, in believing that his sins are unforgivable and that an entirely new government is the only sensible solution. With him should go the domination of Cuba by New York bankers, which has too long existed. The outcome of the present negotiations will be the first serious test of the Roosevelt administration's intentions in Latin American affairs, and it will be watched with redoubled interest on that account.

THESE are doleful days for Tammany Hall and its allied political organizations in New York City. The bankers who have been lending money to the municipality, largely on their own terms, have decided that the city's credit no longer warrants further loans. Many millions of dollars are needed, beyond the normal expenses of the city, to take care of the unemployed, and the city administration is at its wits' end to know where to get the money. Evidently on the theory that only the rich drive automobiles—an unsound one in America—Mayor O'Brien proposed to levy a tax on all motor cars and a toll on all city bridges. When this was howled down by New York's 600,000 motorists, he turned to a tax on business, with the probability also of a higher subway fare in the background, the increase to be postponed until after the municipal election this fall. The sound rule in taxation is that the best tax reduces consumer purchasing power by the smallest amount; and on this principle, the increased subway fare is the worst of these proposals, the automobile levy next, and the tax on gross business the best. Another way to find the money would be to cut off the thousands of useless city employees, many of them drawing large salaries, with whom politicians have padded the city pay rolls—or at least to put them at some sort of useful labor. Their presence is one of the reasons why the government of New York City costs about twice as much as the government of the city of London, which is about the same size and decidedly better administered.

IN The New Republic of June 21 appeared an article by Lawrence Dennis, "Unscrambling a Receivership," reviewing a book by Max Lowenthal entitled "The Investor Pays." In the course of this review Mr. Dennis stated that "The fact, however,

that that receivership [of the St. Paul Railroad] had been obtained by fraud constituted only a minor incident in the working out of the larger scheme of the bankers," and quoted from a decision of the United States Supreme Court which seemed to support this view. His statement was based upon a misreading of the text of Mr. Lowenthal's book. In that book, the charge of fraud refers, not to the St. Paul case but to another case one month earlier in which the same judge had appointed as receiver one of the three men who were afterward appointed receivers for the St. Paul road. Both The New Republic and Mr. Dennis deeply regret the erroneous reading of Mr. Lowenthal's book and this correction is published at the earliest possible moment.

Stabilization and Domestic Recovery

TO ANYONE who had the faintest glimmer of understanding of the administration's economic policy, the refusal to stabilize the dollar in international exchange at the outset of the London Conference was a foregone conclusion. We cannot tell what relation can be maintained between the dollar on the one hand, and the pound, the franc and the mark on the other, until we know what is likely to be the permanent relationship between prices in the United States and prices in Great Britain, France, Germany and the other countries concerned. But this is just what we do not know.

Prices are rising in the United States, and it is part of the recovery plan to facilitate their rise. We have set no mark at which to end the process; it is hoped that they will increase enough to bring recovery and full employment, but no more. Nobody knows enough in advance to say how much this will be. And this is the least of the uncertainties. The United States has some control over the internal situation, some plan. But what is the policy of Great Britain, of France, of Germany, concerning internal prices? Do they hope to stabilize at the present level? Or do they expect to adopt an expansionist policy? We hope they will do the latter; this is one of the matters to be discussed at the Conference. But unless it is settled there can be no guide whatever to the future of comparative prices.

Why does the relationship between price levels bear on the exchanges? Let us assume a given balance of payments between, let us say, France and the United States. This balance is a result of capital and credit movements between the two countries, of service on past debts, of current purchases and sales. If the prices of what France buys here rise, either she must buy less and pay less here, or the exchange value of the dollar must fall in terms of francs. An internal policy in the United States

tending to raise prices therefore must affect either the exchange value of the dollar or the amount of payments we receive from France, or both, unless France should adopt a price policy which would allow these other factors to remain practically unchanged.

The insistence of France that the first requirement is the stabilization of exchange apparently rests on a completely reversed interpretation of our policy. She appears to believe that we are depreciating the dollar in order to increase our exports and gain a competitive advantage in world markets. She fears this competition. On the contrary, our concern is primarily, not with increasing exports, but with raising the internal price level and with domestic recovery. If our internal prices of exportable goods rise as rapidly as the dollar falls, we gain no export advantage whatever. The administration is merely concerned that prematurely pegging the exchange shall not prevent us from going on with our domestic project.

It is, of course, possible to argue that if only the exchanges are stabilized, everything else will adjust itself about them. This is the classical point of view. But stable exchanges have not prevented trouble in the past, and they alone are not likely to remedy present trouble. Stable exchanges at this juncture might require a continuance of deflation. They are, in the absence of international monetary and trade planning, a way of assuring that confusion will go on. The confusion which arose under them before was the very thing which drove one country after another off the gold standard.

Of course fluctuations in the relative values of currencies are not in themselves to be desired, and ought not to exist permanently. If, after some months, we succeed in restoring activity, and reach a price level which looks like a good one to maintain, we shall at least be more certain about our end of the equation. By that time we ought to know more also about the international balance of payments. A calculation might then be made showing what relative values could reasonably be fixed. Since the United States is, and is likely to remain, a creditor country, and since a sound internal policy would, in our opinion, not involve a very sharp or prolonged increase in prices, it seems likely—to us at least—that the dollar might at that time be set very near its old parity. But nobody can blame the administration for not wishing to act on guesses of that sort at the present juncture.

In the meantime something might be done to prevent great temporary fluctuations, provided the various countries can be clear as to what their internal price policies are, and as to what these policies require. In that case, sudden speculative movements of the exchange out of harmony with agreed-upon policies could be checked by international coöperation in exchange-equalization operations. But first we must know in which general direction everybody is going. The one thing we cannot afford to do is to stabilize exchanges regard-

less of everything else. For such a course is out of harmony with the attempt to improve conditions by positive control within the several nations. It can be justified only by the belief that if international transactions are made easy, the old, creaking system of laissez-faire will work.

The Special Session Ends

FOR A few days before the adjournment of Congress, the press was filled with stories about a revolt against the President's authority, particularly in the Senate. We were told that Congress no longer believed that an acute emergency exists, and was therefore prepared to reassert its rights, which had been so generously surrendered to the Executive. The perspective of a few more days makes this argument look particularly silly. Not only did the revolt last week boil down to very little, but when we survey the results of the special session as a whole, we see that no legislature in modern history ever yielded more completely to the wishes of the head of a state than did the Seventy-third Congress.

A summary of the legislation passed at the President's request would fill two issues of *The New Republic*, and there is space here only to remind our readers of the existence of the most important measures. First of all, of course, comes the Industrial Recovery Act, with its tremendous possibilities for the reorganization of industry, for raising wages, shortening hours, encouraging collective bargaining and abolishing ruinous competition. Next comes the Agricultural bill, which has equally sweeping possibilities, involving subsidies to farmers for guaranteed reduction of acreage. The Inflation bill, passed as a rider on the Agricultural bill, permits the President to devalue the dollar, issue paper money and manipulate the price level in other ways. An equally important rider on the Industrial Recovery Act permits the spending of \$3,300 million for public works.

After successive Congresses had truckled to the veterans in abject fashion for ten years, the President was given authority to make reductions in payments to ex-soldiers which, even after the partial restorations of last week, will still probably come close to \$300 million. He was also empowered to cut \$125 million from the federal pay roll, as part of his effort to balance the budget. The new Securities law is intended to give the investor at the very least a better run for his money than he has had in the past. The Muscle Shoals-Tennessee Valley Plan will offer the United States its first vast experiment in publicly owned hydro-electric power production and industrial regional planning. After many years, the country is to have a coördinated system of state-federal employment exchanges. The Civilian Conservation Corps is putting 275,000 young men at work in the national forests, reducing unemployment by that amount and increas-

ing consumer purchasing power by \$8 million a month.

A sum of \$2,000 million is to be available to rescue mortgaged farms, and a similar amount to aid imperiled homes which have a nominal value of \$20,000 or less. Beer is back, in about one-half the states, and will soon return in most of the others, and the process of repealing the Eighteenth Amendment is under way with a good chance that it will be completed this year. The railroads have been put into the hands of a Federal Coördinator who will make economies which the roads could not carry through individually. The gold-payment clause in all contracts, past and future, has been voided, and the United States is off the gold standard both internally and internationally. A further appropriation of \$500 million has been set aside for relief of the unemployed, taking the place of funds from municipalities, counties and states, many of which are bankrupt or practically so. Almost unnoticed in the welter of legislation, the President has been authorized to put a complete embargo on any or all imports from abroad if in his opinion such imports imperil the operation of the Industrial Recovery Act. One of the very few things Congress did without presidential prodding was to pass the Glass-Steagall banking bill, a measure which it is safe to assume will be drastically altered at the next session to conform more closely to the ideas of Mr. Roosevelt and his advisers.

Against this staggering array of measures initiated by the President or passed with his tacit approval, there are few items to put into the other side of the balance. No important proposal of his was rejected. It may be that fear of congressional opposition caused him not to ask for authority to deal with war debts, or to initiate tariff reductions on any other basis than is permitted in the existing law; but in the face of the record, these omissions seem of singularly little importance.

It is not surprising, in view of this record, that there should be many accusations by radicals of Fascism, and some charges, both from the Right and Left, of dictatorship. The first of these criticisms is of little importance until you know exactly what the critic means by the term; and as for the second, we see nothing in the record to justify it. The essence of dictatorship is that power is taken by force; and nothing of the sort has happened. Congress carried out the Roosevelt program partly because it was clear that the public opinion of the country as a whole was behind him, partly because the emergency was so serious that it was felt almost any policy was preferable to a continued drift toward disaster, and largely because Mr. Roosevelt is a consummate politician, who played his cards with astounding skill. He used the rough and ready methods of American politics, some of which no closet theoretician could approve; but he was also persuasive at the right moment, yielded when obstinacy would have been fatal, and convinced the most skeptical member of the legislative branch

that he regarded himself as no superman. No doubt he seemed better than he was, because of the contrast with the incredible political ineptitude of his predecessor in office; but anyone who feels that he did not do a good job is invited to look at the record.

The attitude of Congress, which makes the word "dictator" so ridiculous, suggests a much better analogy: the "city manager" plan, which is now in operation in so many American municipalities. Under this plan, cities are operated by one executive, chosen, and afterward watched, by a small elected board. He has great powers compared with any single individual under the old system of divided authority; he also has great responsibility, and if there is a failure, the blame falls squarely on him. In the national emergency which existed on March 4 and still exists, despite the improvement in conditions, the United States has made of the President a "national manager," whose responsibility is likewise increased with his authority. Everything now depends upon the way in which he uses his powers. He can, if he decides to do so, take the United States a considerable distance on the road toward state capitalism, if not state socialism; or he can do nothing more than patch up the old mechanism so that it will creak along for a few more years, until it breaks down again. It is not quixotic, in our judgment, to believe that it is the plan of the President to go a long way, and to make changes which will be permanent—unless, indeed, they are succeeded by changes still more radical. We believe the attitude of Congress in the special session is proof that the people of the country are convinced that the old order has broken down, that it is incapable of serving our needs in the new world in which we live today, and that it must be rebuilt from top to bottom. The chief danger is that those now charged with the responsibility of using the authority delegated to the executive branch will be more timid than they need to be, and will yield to the entrenched forces of wealth and special privilege more than is necessary, in view of the present attitude of the American people.

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The Opposition in Germany

SINCE the Nazi victory of March 5 remarkably little has reached the outside world about the status of opposition parties in Germany. It was known of course that both Socialists and Communists were being persecuted and thrown into jails and concentration camps, but little has been heard about the actual effect of these repressive policies upon the temper and the organizational integrity of the radical parties.

Some study of the German situation at first hand has brought me to the conclusion that the Hitler movement has been able, for the moment at least, to discredit, destroy and capture the opposition to a remarkable degree. Thousands of both Socialists and Communists have been able to enter and have entered the Hitler Storm Troops. To what degree they have done this because they are honestly convinced that the socialist protestations of the Nazis are to be taken seriously and to what degree their actions are dictated by a political realism it is difficult to determine at the present moment. Perhaps the motives are mixed and policy is determined by the obvious fact that the significant political struggle in Germany in the next years will be inside the National Socialist party and not between that party and the suppressed opposition. In this struggle the Storm Troopers, the military arm of German fascism, are on the whole on the side of radicalism. The willingness of the Storm Troopers to receive former Marxians into their groups is prompted not so much by a desire to absorb the opposition as by the thought that they will need the strength of the greatest possible numbers when the issue is finally joined between the nationalist and the socialist elements in the fascist movement.

All of this presupposes that there are genuinely radical elements in the Nazi movement. This fact, not generally understood in the outside world, a fact which sharply distinguishes German from Italian fascism, gives the key to the whole future of German politics. The demagogic skill of Hitler has made it possible for him to capture two opposing political and economic movements: the capitalists, who were afraid of a Communist revolution, and the impoverished lower middle classes, who were in fact more revolutionary than the Socialists but wanted socialism in terms of a national spirit. Their "nationalism" was created partly by the resentments of a defeated nation against the allied foes and partly by the fact that impoverished middle classes have a stronger loyalty to "national culture" than proletarians.

The ambiguity of Hitler's program resulting from these opposing forces is apparent on every hand. Hjalmar Schacht, the governor of the Reichsbank and symbol of the reactionary forces behind

Hitler, is alleged to have boasted that Hitler has had his own way so far but that shortly economic pressure will deliver him into Schacht's hands. On the other hand, the left wing of the movement for which such men as Count Reventlow, the editor of the *Reichswart*, and the group editing the *Tägliche Rundschau* are spokesmen, insist that the revolution has only begun and that it will not be ended "until we have dispossessed the bourgeois classes." What gives their hopes plausibility is that the Storm Troopers are undoubtedly radical on the whole and that in Germany today, with constitutional authority destroyed, victory will finally rest with the group which is able to support well defined political objectives with disciplined military strength. Of course such military power must face the opposition not only of economic power, represented by men like Schacht, but of the Nazis who have found security and prestige in the German bureaucracy, who have already absorbed its spirit and who are constantly warning the impatient Storm Troopers not to bring discredit on "the revolution" by interfering with the orderly procedure of government. Captain Göring, the head of the Prussian government, may be regarded as the symbol and type of this conservative tendency in the National Socialist movement.

The two opposing tendencies in the Hitler movement justify the judgment of an astute German student on politics who declared: "Hitler is not difficult to explain. He is Kerensky." Like Kerensky he is holding himself in power by playing off the workers against the business community. One cannot help but admire the demagogic skill which enabled Hitler to press millions of marks out of German industrialists and to use the money equipping a private army out of the hordes of the dispossessed and unemployed. But discipline has given this army a certain self-respect. It is no longer a horde of unemployed. And it has political ideas of its own and leaders whom it can call upon in the hour of crisis. All of which proves that there is no real stability in Hitler's regime and that its ultimate disintegration will come from within and not by attack from without.

The final issues will be joined within the party because the Nazis have been able to destroy their political opposition to a surprising degree. In explaining this surprising phenomenon of the seemingly complete annihilation of Socialism and Communism a sharp distinction must be made between the two. Communism is of course continuing a desperate existence. Their organ, *Die Rote Fahne*, is being published under cover in successful defiance of the Nazi spy system. It is even alleged that it

has a circulation of 700,000. Its leaders are all in jail or in concentration camps, but the party prepared for this by the secret election of a secondary leadership. Every week interested persons receive anonymous mimeographed sheets giving an account of the persecutions which the Communists are suffering at the hands of their Nazi enemies.

In spite of this desperate Communist opposition, the party has lost a great deal of its power. There is evidence that a million Communist votes were transferred to the National Socialists in the final election, and that the rank and file of Communists expressed sentiments of relief when they found that their entire leadership had been thrust into jail. This curious state of feeling was due to the fact that the leadership had for some months been driven by desperation to force the party into futile acts of terrorism which the average worker regarded as hopeless and which were actually at complete variance with the official Communist doctrine on the futility of isolated acts of terrorism. Whatever actual Communist strength may be at the present time, there is no question that Communism is not in the immediate moment or in the imminent future a force which can be compared in significance with the radical elements in National Socialism itself.

The Socialist cause is even more hopeless than that of Communism. It is in fact so hopeless that it can be stated with almost dogmatic certainty that National Socialism has destroyed German social democracy. So hopeless is the situation of the Socialists and so broken their morale that Hitler was actually negotiating with the bureaucracy of the Socialist trade unions to take them over into his movement bag and baggage when his hand was forced by an order from some mysterious source in the party to destroy the unions entirely in order that National Socialist trade unions might be built up *de novo*. The fact that this could be done without Hitler's knowledge, though of course he had to cover the accomplished fact with his consent, reveals how different the political realities within the party are from the extravagant protestations of absolute loyalty to Hitler's leadership which all party members make. Those protestations are the Nazi symbol of unity toward the outside world, and are made with the greater extravagance because the facts belie them.

Of the 110 Socialist deputies in the Reichstag, roughly seventy were present when Hitler made his recent declaration on foreign policy. Of the others about twenty are in jail and twenty have fled to other lands. Breitscheid, the parliamentary leader, and Braun, the former Prime Minister of Prussia, are in Switzerland. The editor of the party organ *Vorwärts* is in Holland. Hilferding, a former Finance Minister in the Cabinet and the party's most trusted economist, was present at the Potsdam session of the Reichstag, but was advised by friends that he was in danger. He escaped from Germany. Severing, the Socialist Minister of the Interior in

Prussia and Braun's right-hand man, suffered a nervous breakdown on his way to the Reichstag. Sophisticated observers are naturally skeptical about such official reports of "nervous breakdowns" in a day of political terror.

The Socialist party is in a state of living death. The Nazis have not proscribed it; they allow it to exist as a butt for their contempt. Its status may be made clear by a story going the rounds in Berlin which may or may not be apocryphal. The story is that when Hitler made his declaration on foreign policy, a resolution of confidence was of course immediately proposed. The Socialists declared that they would vote for such a motion provided they could propose an amendment to the effect that Germany's demand for equal status with other nations should imply the recognition of the principle of equal status for all political parties in its domestic politics. The Socialists, it is alleged, were told that they could of course propose such an amendment, but that in modern Germany the fate of an individual was of small moment. The Socialist deputies recognized the relevance of this seemingly irrelevant sentiment and said nothing more about their amendment.

The fact is that the parliamentary Socialist party in the Reichstag is a mere shadow, since the trade unions which supported it are completely destroyed. This destruction is not merely the result of Nazi terrorism. It is proof of the fact that the party was thoroughly moribund. There are many causes for this unhappy state. The party was sleepily constitutional in a day when its enemies, both Right and Left, were unconstitutional. It fought with weapons which were no longer relevant. What good does it do to trust in elections when political issues are being determined by the power of private political armies? The impoverished middle classes, who make up the backbone of fascism, were in fact more heroically revolutionary than the trade unions. At least they were more desperate, and against their desperation Socialist complacency had no power.

Furthermore, the party had supported the hated *Erfüllungspolitik*, the policy of trusting the Allies to be reasonable if Germany fulfilled the conditions of the Treaty of Versailles. This policy is discredited in every rank and class of Germany today. The fact that Hitler's recent speech on foreign relations was completely within the limits of "fulfilment policy" because there was no other immediate alternative for Germany in view of the superior power of French arms, shows that Nazi accusations against the Socialists are unjust. But that does not matter so long as Hitler offers the Germans psychic, even though not political, release from their slavery. Hitler has understood how to follow Brüning's and the Socialist foreign policy in fact while he makes speeches which reestablish German self-respect and give the nation the sense of defying a world of foes.

There are other causes of the complete loss of prestige of the Socialist party. The government is

throwing profiteers into jail. It makes a great propaganda about the "dignity of labor." Its May Day celebration was one of the greatest pieces of propaganda ever attempted in the Western world. Said a former Socialist, now National Socialist, worker to the writer: "The Social Democratic party in twelve years of participation in the government never succeeded in getting May Day declared a national holiday. The National Socialists by a single decree not only made it a holiday, but a holiday with full pay." This great circus did not of course provide bread. The bread problem is still to be solved. For the moment circuses have sufficed.

A further cause of Socialist defections is the fact that the government has been able successfully to convict the old trade-union leaders of graft. Every day brings new revelations of misappropriation of funds or of extravagant salaries paid to trade-union officials. It is difficult to know how much truth there is in these accusations, since an impartial sifting of evidence is impossible. But there is obviously some truth in the revelations. At the least the workers

believe them, and that is sufficient. The confidence of the rank and file in their trade-union leadership has been completely undermined. They are therefore ready for any new venture.

Whether they are being led into new futilities remains to be seen. The prospects can hardly be said to be bright. But whatever the future may hold, it is quite obvious that traditional Social Democracy will not have a significant part in molding it. The Communists are waiting for the moment when, as they are convinced, the pressure of circumstances will fully reveal the contradictions within fascism and economic desperation will wean the German people from their present allegiance to the fascist regime. That moment will probably come; but it is doubtful if the Communists will have a large part in it. Their past leadership does not, at least, give any guarantee that they will know how to exploit the opportune moment. It is much more likely that the radical wing of fascism will throw up a new leadership.

REINHOLD NIEBUHR.

The Wrong Road to Peace

Dangers in the Davis Commitment at Geneva

THE PEN is also more dangerous than the sword. The threat to "enforce" peace provokes reciprocal distrust and distemper which readily evoke the unwise employment of the sword.

For nearly fifteen years a highly charged emotional morality has been directed toward supplying the world with what is called "peace machinery"—treaties and enforcing instruments designed, professedly, to prevent disturbance of the peace by collective intervention against the "aggressor." These ideas have their roots in the crusade of 1914-18, followed by the vindictive treaties of 1919, which, while assuring the victors their conquests and spoils, purport to create a legal structure by which any challenger of the system thus established is to be denounced as a moral pariah and to expose himself to collective strangulation under Articles 10 and 16 of the Covenant.

This policy, which more than anything else has prevented that reconciliation and appeasement without which Europe can probably not continue to live either in peace or in a capitalist economy, is now promised reënforcement by the commitments of Norman Davis in his recent Geneva speech. To persuade certain heavily armed countries to diminish their armaments, to which they are already obligated by treaty, the United States undertakes to promise to support them in their future conflicts. In no other sense can the policy be comprehended. If the European states designate an "aggressor,"

the United States will undertake to "refrain" from its neutral obligation of impartiality and will refuse to protect American citizens who trade with the "aggressor," provided the United States concurs as to his identity. In time, European unanimity would doubtless be dispensed with.

By threatening any challenger of the 1919 settlements with obloquy, outlawry and collective war, the results of the Treaty of Versailles and its analogues were given a professedly moral sanctification. The strait-jacket is the more firmly riveted by the failure to provide any peaceful means of changing a demonstrably ruinous *status quo* and by the fact that every effort to find one, such as the denatured Mussolini Four Power Pact and the once hopeful Article 19 of the Covenant, meets with determined or ill concealed opposition and threats from those who have or claim a vested interest in maintaining the artificial place that has been bestowed upon them by the treaties, largely through the force and arms of the United States. Thus, change by force is in advance characterized as immoral and illegal, and change by negotiation is in practice denominated as impossible.

The transparent hypocrisy of the peace structure erected in 1919 would in a less confused age, I think, have been the subject of contempt and ridicule by intelligent people. Instead, it has received more support from the so-called intelligentsia than from any other group in the community; and the obvious fact that during the reign of this peace

machinery armaments have doubled, political conditions have grown steadily more threatening and unstable, and international economic relations have deteriorated to the point of stagnation and hostility, is either overlooked or dismissed, although it refutes the whole theory upon which the new peace structure is founded.

Thus, the interests of those countries which would perpetuate their unnatural position and their conquests have been in perfect accord with the policies of the "pacifists" who in the name of peace would, with a devotion worthy of a holier cause, denounce, boycott and strangle the hand-picked "aggressor." They, like the Secret Treaties and the Fourteen Points, march under the same benevolent banner. Both are devotees of such instruments as the Kellogg Pact, consultative pacts, pacts of mutual assistance and guarantees of security, and similar schemes, whose effect, if not primary purpose, is to fortify and reënsure the *status quo*—a *status quo* more dangerous to the future of Europe and humanity than any yet invented by the ingenuity of vengeful statesmen.

In the name of peace and righteousness, we thus have a whole school of thought which supports measures of force and hostility. The policy furnishes a counterpart of the wartime slogan, "Peace through Victory," adopted by the most celebrated peace endowment—a slogan to which no militarist could possibly object. The war psychology is thus unwittingly perpetuated, and the increase of armaments and the other visible evidences of hostile disposition are its inevitable consequences. The ex-Allies, moreover, have developed their own conflicts of interest. Thus, the more talk there is of aggressors, sanctions, boycotts, embargoes, and the other paraphernalia for giving teeth to the new peace, the larger grow armies and armaments, the more distrustful and hostile become nations and peoples, and the darker the outlook for peace and tranquillity. Despite the modern peace machinery, a witch's cauldron of nationalistic passions has been brewed, the lid of which may almost by spontaneous combustion blow off at any time. Yet the peace function as now conceived is designed to clamp the lid down again. Toward that noble effort the blood and treasure of the American people are by the commitments of Norman Davis to be dedicated.

It is perhaps unnecessary in this journal to reiterate that the Kellogg Pact does not outlaw war in any degree. The reservations on which the Great Powers insisted excluded from the supposed renunciation all wars of self-defense, of which character each fighting nation is the exclusive judge, and every other type of war they conceived themselves as likely to be engaged in. Yet on this sievelike and elusive foundation, calculated to supplement the Covenant, the new peace structure, now with the reënsurance of American architects, is built. The campaign to supply it with teeth has been unrelenting. Treaties of guarantee, the Capper Resolution,

boycotts and embargoes on aggressors, have all been submitted to allure the American people.

The newly proposed consultative pact, should the Senate be so unwise as to adopt it, is likely to have the same progeny, for mere consultation will be regarded as inadequate to preserve the peace of Versailles. That can be done only by sanctions, and the danger of "abandoning neutrality" is that it automatically involves a taking of sides, where "limited liability" is hardly possible. The consultative pact, if approved, would almost certainly be followed by "understandings," and those understandings are likely to involve the United States deeply in the morass of European feuds. Sanctions for the United States mean military intervention; and I am inclined to believe that the policy announced by Norman Davis at Geneva, if not retracted, commits the United States as effectively as Sir Edward Grey committed the British people to France in 1904. The Entente of that year would now be called a consultative pact. Its very vagueness was one of its most pernicious characteristics, for it misled not only the British people, but their antagonists as well, and far from preventing, encouraged the coming war. An open military alliance would be less dangerous than these vague commitments, which blow simultaneously hot and cold. Those who refuse to make such commitments may be called "isolationists"—a position which Salisbury thought "splendid"; but the promiscuous endorser of the notes of others, while welcomed for his self-sacrificing "coöperation," usually lands in bankruptcy and earns contempt. His example is not usually considered worthy of emulation.

The word aggressor has a derogatory sound. It seems simple. It is designed to stigmatize the "guilty nation." One might suppose that the United States would have learned from its last intervention against an aggressor in Europe that the word "aggressor" is a political term, fashioned to describe the enemy of the moment. It is essentially a dishonest and mischievous term, calculated to mislead the unwary and uninformed. It cannot be satisfactorily defined. It is hardly conceivable that the principal Powers which control the League of Nations will ever be denounced as the aggressor. But it is easily conceivable that Powers unimportant in Geneva, not excluding the United States, might some day be so designated. It may be supposed by some that the decision as to who is the aggressor would be reached by judicial methods. But such a supposition would be false. The decision is bound to be political, informed by passion and prejudice and purveyed by propaganda, compounded especially for the consolation of the home population and for the delectation and enticement of the feeble-minded outside.

Ever since the War, which proved how physically strong the United States was, a persistent effort has been made to break down American neutrality and independence. This has been a counterpart of the

campaign for sanctions. Based on the fallacious assumption that all wars involve an aggressor and an innocent victim, this school believes that it is immoral to stay out of the stranglers' union. The motley countries of the world are conceived as a sort of *posse comitatus*, interested only in sustaining the right against the wrong. What would happen to the United States in the process has apparently not been considered, for the United States would have to violate international law and probably treaties in order to engage in enforcing sanctions.

But if the United States were ever so unwise as to abandon its general policy of neutrality in foreign, and particularly European, conflicts, it would risk its own extermination, as would any other nation that offers to abandon its privilege of minding its own business. No European nation has lost its mental prowess to such an extent; for that type of advice and avowal, one must come to the United States, where evangelistic revelation has disclosed to some that neutrality is or ought to be illegal and immoral. Certainly such a conclusion has no roots in experience. The supposed but mistaken analogy between the criminal in local society and the warring state in international society has led them into a bog of misconceptions. Most nations today, and especially small nations, owe their existence to the facts that they were legally privileged to remain neutral when foreign nations lost their heads and that they are privileged to cultivate a policy of neutrality. This has enabled them not only to survive, but to reduce their armies and armaments to a minimum. Were the law or the climate of opinion to be changed, so that neutrality is no longer considered desirable, proper, legal or moral, they would have to arm to the teeth to maintain their mere right to live, their right to keep out of wars in which their people have no concern, their right to defend themselves against the charge of being aggressors.

The instinct of self-preservation and the necessity of limiting the area and the destructive effects of war are the sources of the doctrine of neutrality. It is one of the beneficent achievements of a long struggle with barbarism. Impatience with war, accompanied by provocative policies which tend to promote it, is not adequate justification for stifling a doctrine which has enabled at least some people to live and to carry on the thread of civilization. Its abandonment would be likely to spell permanent chaos. Fortunately, no European country has shown so little interest in its own welfare, for in all the wars since 1919 most of them have strictly observed neutrality, as did Sir John Simon for Great Britain with respect to the current Sino-Japanese conflict. Happily, also, the Senate Committee on Foreign Relations has amended the pending Arms Embargo Resolution so as to prevent any departure from American neutrality. The new ideas for "abandoning neutrality" are reserved for the attraction of American citizens, who are again

to be inveigled to throw away their birthright.

If Europe were wise, it would support American neutrality, instead of seeking to break it down. American neutrality is the best hope for European appeasement and reconciliation. Only by appeasement and reconciliation can peace be restored. Mr. Davis seems momentarily to have perceived the source of the European trouble when he said in his Geneva speech: "Fears and apprehensions based on historical and racial grounds have led to the maintenance of large armaments in Europe." Will American promise of "consultation" and intervention to preserve the *status quo* dissipate those "fears and apprehensions based on historical and racial grounds"? I surmise not. Yet therein lies the root of the disease of Europe; armaments are the symptom only. The disease has grown immeasurably worse since 1919. We propose to allow the disease to ravage unchecked, level exhortations against the symptom, and promise to strangle the victim and patient when his agony becomes unbearable and uncontrollable. This seems an extraordinary contribution to political therapeutics. Physician, heal thyself!

The American Revolution was fought in large part to disentangle the United States from the perpetual feuds of Europe. Now, by voluntary act of the United States, it is proposed to undo these results, which have benefited the entire world, and make of ourselves again a counterpoise in the European balance of power. We are again to become a member of the European "system."

No policy so momentous to the future of the American people has been announced since the Monroe Doctrine, which was carefully considered by America's leading statesmen. The new policy was launched without warning or general consideration. I venture to submit that the whole policy of sanctions has already proved itself a snare and a delusion. Peace through force assures the means, but not the end. There is no short cut to peace, which must be unremittingly nurtured and cultivated. Machinery and organization are necessary, but are less important than the spirit. There had been no lack of organization, had peace been really desired. Nothing can replace the time-honored peaceful policies of negotiation, simple decency, reconciliation and of live and let live, fortified, to be sure, by the instrumentalities of mediation, conciliation, conference and arbitration; but the threat of sanctions and the use of force arouses those human resentments which invite war rather than discourage it. It frustrates the development of that underlying psychology of contentment and friendship which would automatically reduce armaments. Wars and preparation for war, with general impoverishment in the bargain, are the natural result of the policy of peace through sanctions, especially when founded upon such intolerable treaties as those of 1919.

If the League is to live, Article 19 must become its most important, instead of least important arti-

cle, and Articles 10 and 16 must disappear. It seems regrettable that so much American opinion has espoused the theory of "enforcing peace," but I feel convinced that there is no hope of peace in it and that the efforts of those who are interested in achieving that essential goal should be directed toward ameliorating the demonstrably dangerous treaties of 1919 and toward developing a psychology of rapprochement, negotiation, reconciliation and appeasement. They have some ground for encouragement; for even in the armed countries, it is realized by individual leaders that the founda-

tions of their personal and group predominance are seriously jeopardized by the dangers which their shortsighted policies have invited. It ought to be an American contribution, in kindness and solicitude, if not contrition, to point out the causes of these dangers rather than to postpone the day of reconciliation by promising to support one group against another. The Davis policy is a step in the direction of war and destruction, both for Europe and America, and not a step in the direction of peace and progress.

EDWIN BORCHARD.

J. P. Morgan & Co.

A House Built on Favors

J. P. MORGAN read the epilogue to Mr. Pecora's investigation of his famous banking house. He was well pleased with the way his house does business. And his statement was accepted by the loyal press all over the land as settling the matter. Passing out favors to the executives of large corporations and large banks has seemed to these editors a matter of private business which does not concern the public. The St. Louis Globe-Democrat expresses this view. The investigation, it thinks, "has proved that the firm is what it has always been believed to be by all who have had any knowledge of banking affairs, a company of honest bankers doing a very large business on sound banking principles and with exceptional sagacity."

Now let us see if the principles of the House of Morgan are "sound banking principles" which the American people would like to see introduced into all kinds of business.

"We are merchants of securities," said Mr. Morgan, describing his firm. That firm deals in two things—securities and money. Where does it get its securities and money? From its clients. And who are its clients? That is a very significant question. When the Morgans arrange to put out an issue of stock for the General Motors Company, who is its client? Mr. Alfred P. Sloan? Or the General Motors Company? Is it not the General Motors Company? And is not Mr. Sloan the employee and agent of the General Motors Company? That would seem to be plain. Mr. Sloan is the employee of a company which belongs to over 300,000 stockholders.

Now, this being clear, what is the standard of business with reference to giving favors to the agents and employees of those with whom you do business? If a Seventh Avenue garment manufacturer tries to sell a bill of goods to a retail store and deals with an agent or employee of the store and gives to that agent or employee an object of value of any sort he violates a state law. American business men have been trying to get that idea settled as an accepted principle of ethics. They have been trying to get Congress to make it into a national law.

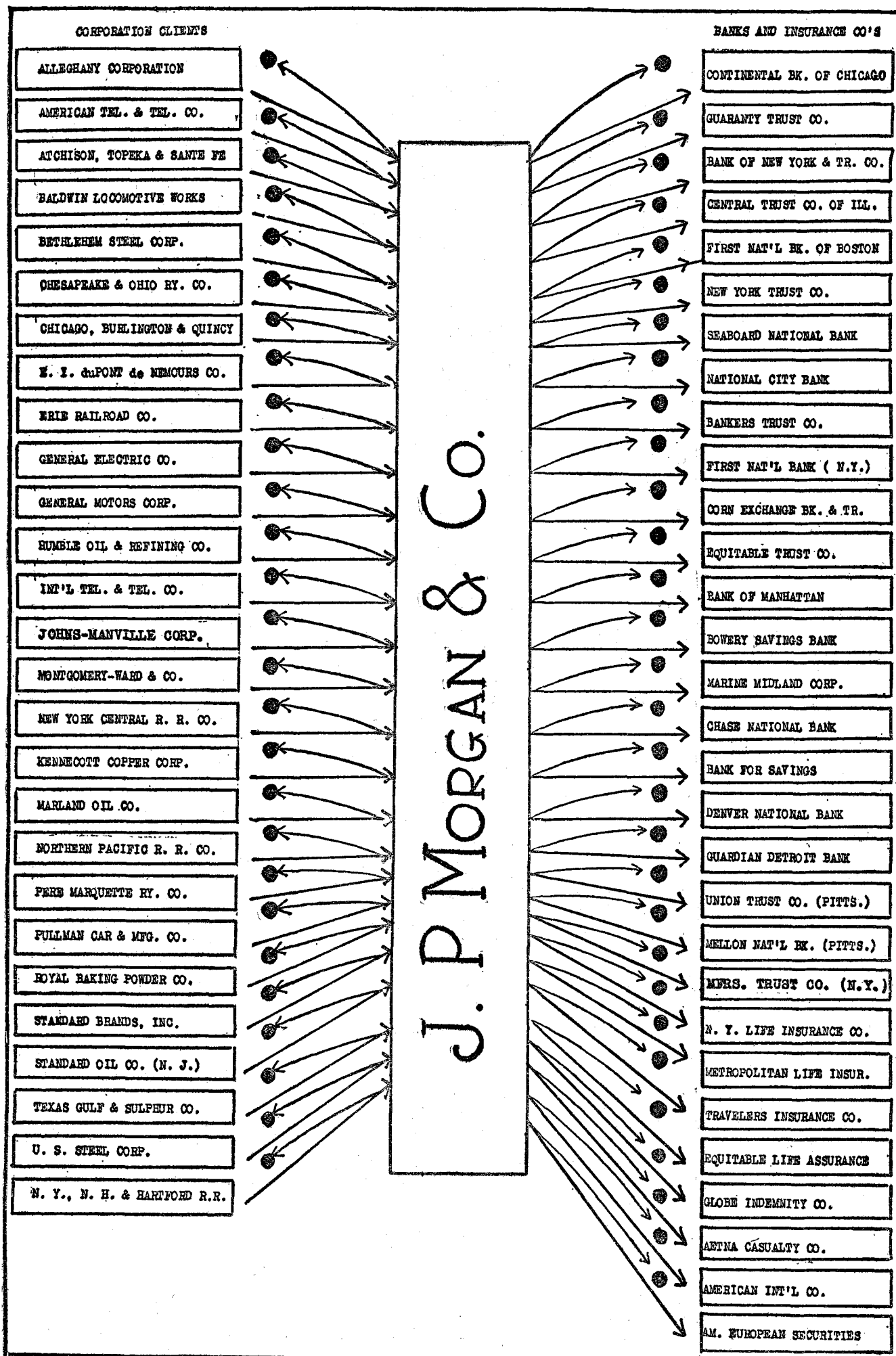
Now let us see how the House of Morgan works. If you will go through the list of those corporations for which it put out securities from 1925 to 1929 and the corporations from which it obtained large deposits—a million or more—you will notice that in far the greater number of cases, the presidents or chairmen or responsible directors of many of those corporations are on the list of those receiving stock favors from the Morgan firm. You find, for instance, that the American Telephone and Telegraph Company was a Morgan client—entrusting it with the issue of \$125 million in bonds and almost as much again for certain subsidiaries. It does not look well, therefore, to see the head of the Telephone Company on the list of favored stock buyers. Mr. Morgan rather naïvely asserted that these men were selected "because of established business and personal relations." He did not say, however, that the business relations of most of these men were on behalf of corporations which they are paid to represent as trusted agents.

Now having obtained the securities, the next step

HOW THE SYSTEM WORKS

In the chart opposite, the names on the left represent corporation clients of J. P. Morgan and Company. The names on the right represent banks and insurance companies which buy securities. Opposite each corporation and each bank is a black spot which represents an executive. Now look at the first name—Alleghany Corporation. A black line with arrow mark indicates flow of securities or deposits to the Morgan house and then to the banks.

A line flows from Morgan to the black spot (or executive) of the Alleghany Corporation, indicating a flow of favors. Lines also flow on the other side to the black spots representing bank officials. The whole taken together illustrates the Morgan system—representing corporation clients and selling their securities through banks, etc., and at the same time passing on favors to the officials of both.



is to sell them. "We have no salesmen," explained Mr. Morgan, "and for underwriting and distributing investment securities *we enlist the coöperation of banks and dealers.*"

A bank, too, is a corporation. The president or chairman, too, is an employee, an agent. Is it not odd that we find so many of these presidents and chairmen and bank directors on the list of favor-getters from Morgan?

If this were a mere occasional relationship we might set it down to coincidence. But when we find it running through most of the business of the House, we must begin to think it part of the

House's settled method of doing business. The securities and funds originate in large corporations. These flow to the House of Morgan. They then flow from the House of Morgan to the banks. Then from the House of Morgan stock favors flow to the executives of these corporations on one side and these banks on the other. This does not look nice. But it helps us to understand what Mr. Morgan unwittingly meant when he said that he had been seventy years building up good will among men of leadership. The Morgan system of building good will is evident from the chart on the preceding page.

JOHN T. FLYNN.

Sunshine Charley

A YOUNG college man, according to a legend of the boom, went to work at the National City Bank. One day Charles E. Mitchell, then its president, came through on a trip of inspection. "Mr. Mitchell," said the young man in a low voice, "may I speak to you a moment?" The great banker and bond salesman scowled: "What is it?" The young man politely pressed him to step aside out of earshot of those present. Still scowling, Mitchell complied. Said the young man in a discreet whisper: "Your trousers are unbuttoned, sir." "You're fired!" flashed the great financier.

In those days the trousers of Charles E. Mitchell could no more be unbuttoned than Louis the Fourteenth's grammar could be at fault. He was the banker of bankers, the salesman of salesmen, the genius of the New Economic Era. He was the man who had taken the National City Company, that subsidiary of the National City Bank which had been established, according to the practice of the New Economic Era, as a legally distinct but actually identical institution to set up shop for the disposal of the securities which the bank was forbidden to sell, and had transformed it in six years' time from a room with a stenographer, a boy and a clerk into an organization with a staff of 1,400 and branch offices all over the country, which sold a billion and a half dollars' worth of securities a year, the largest corporation in the country. At its summit, like an emperor, sat Mitchell, dynamic, optimistic and insolent, sending out salesmen in all directions as he preached to them, bullied them, bribed them; had them clerking in security shops on the street level of every provincial city where they sold bonds like groceries in A. and P. stores; had them knocking at the doors of rural houses like men with Fuller brushes or vacuum cleaners; had them vying with each other in bond-selling contests; had them intimidated, intoxicated, always afraid of being fired if they failed to sell more and more bonds—"You cannot stand still in this

business!—you fellows are not *Self-Starters!*"—till they resorted to faking orders merely to inflate the figures and invested their own salaries in these securities about which they knew as little as the people they were selling them to.

The days of the highly respectable banker who advised widows and young people, were over. The public had the salesmen always at their heels: the salesmen had always behind them the megaphone voice, the indomitable jaw, the nagging telegrams, of Mitchell. He sold the American public over fifteen billion dollars' worth of securities in ten years. He sold them the stock of automobile companies which almost immediately turned to water; he sold them the bonds of South American republics on the verge of insolvency and revolution; he sold them the stock of his own bank, which after October, 1929, dropped in three weeks from \$572 to \$220 and which was recently worth \$20. In the minds of the public, of his minions, of himself, Mitchell had reached the apotheosis of the Caesars. In his days of greatness, it was boasted, he always traveled by special train. One of his salesmen, who was afterwards ruined by his investments in the Mitchell securities, described his master's brain as "spinning like a great wheel in a Power House" and spoke almost with trembling of the terror he inspired; and Bruce Barton, when Mitchell took him up into the Bankers' Club and showed him the kingdoms of New York from the window, prostrated himself before him in the pages of *The American Magazine*. When bond salesmen came to him, he told Barton, complaining they were unable to find buyers, he took them up into the Bankers' Club and said: "Look down there! There are six million people with incomes that aggregate thousands of millions of dollars. They are just waiting for some one to come and tell them what to do with their savings. Take a good look, eat a good lunch, and then go down and tell them! If there is nothing in that picture which stirs a man's imagination, he doesn't belong in New York!" It was not long

after this that Bruce Barton, whose father had been a minister, announced that Jesus Christ's true mission had been that of the Supreme Salesman. Mitchell blazed like the great central source of the energy and heat of the boom: his colleagues called him "Sunshine Charley."

Today that sunshine has faded. Charley Mitchell looks cheap in court. Through long sessions of the muggy June weather while the reporters go to sleep at their table and the judge invites the jury to take their coats off, among the pallid creatures of the courtroom whose skins have never known any other light than that of the soapy globes of the courtroom chandeliers, whose fat legs have never known any exercise other than stalking the courtroom floor, Mitchell sits behind the wooden railing that separates the spectators from the trial, broad-shouldered but short-legged, his grizzled hair growing down his neck and forehead, his long nose with its blunt end no longer driving salesmen out to their prey but bent humbly down toward the table. Against the neutral complexions and the tasteless clothes of the courtroom, he is conspicuous for his ruddy face and for the high stiff white collar, the blue serge suit, the white handkerchief sticking out of the breast pocket of the big downtown days of the boom. At first glimpse, when you only see his back, he seems dignified, distinguished; then you see that he looks sheepish. Behind him ledgers, suitcases, crammed briefcases are all that is left of the boom—those immense profits, those mighty transactions, the florid boasts of the bankers, the round-eyed hopes of the public, now merely a tableful of papers to be produced in court.

Sitting quiet, looking often toward the clock, he listens to the witnesses called to testify as to whether or not his sale to his wife of 18,300 shares of National City Bank stock, his sale of 8,500 shares of Anaconda Copper stock and his failure to report \$666,666.67 from the management fund of the National City Bank, were devices to evade the income tax. Max Steuer, Mitchell's lawyer, has called him a "big fish victim of mob hysteria"; and the idea of big fish haunts you as you watch the officials of J. P. Morgan and of the National City Bank trying not to get their bosses in trouble. The boom produced its own human type with its own physical and psychological characteristics, its own more overblown and softer-headed species of the American business man. Enormous and with no necks, they look like hooked and helpless frogs or like fat bass or logy groupers hauled suddenly out of the water and landed gasping on the stand. They pant, they twitch in the chair, they make gestures finlike and feeble—one can imagine great gills behind their jowls straining to breathe in the alien air. One man recalls with hideous exactitude those strange monsters dragged up by William Beebe from the depths of the South Seas: the same head that seems bigger than the body,

the same gaping mouth of long sharp teeth, the same nose flattened down to nothing to give scope to the undershot jaw. The only thing lacking in the financier is the natural fishing-rod with its hooks and its luminous bait which grows out of the forehead of the deep-sea anglers and catches the fish on which they feed; and it is easy to imagine this. The National City Bank has consummated some of the largest mergers on record; and it is reported that certain fish of this species can swallow fish five and a half times their own length. Beebe says he found seven wild ducks in one of them.

Mitchell himself is a personality of more character, but he, too, is out of his element on the witness-stand. The great salesman of salesmen is washed up, and the two Jewish lawyers fight like devils for his public damnation. For does not Max Steuer, who has just sent Marcus and Singer to jail for juggling with the affiliates of the Bank of United States, affiliates like the National City Company, organized to evade the law—does not Max Steuer damn a man in getting him off almost as truly as Medalie in convicting him? Steuer speaks so gently, works so quietly—shrunk, round-shouldered, round-headed, bald, with a sal-low old shrewd Semitic face—that all the spectators can catch of his case is a faint continual lisp. With little round mouse ears sticking out from the side of his head, he mouses between the jury, the judge and the witness, keeping the whole thing deeply discreet. George Medalie has solidity and weight, and instead of hushing his cross-examination, he launches his questions in tones of distinct metallic sarcasm and moves back to make the witness speak louder when he wants to bring an answer out. Mitchell seems almost as uncomfortable with the one as with the other.

At the prompting of Steuer, he tells deliberately a very halting story. The sales were real sales, his wife really wanted to buy the stock, he had the very best legal advice to guarantee their legality, etc. When he pledged his personal resources to help the National City Company buy National City Bank stock during the first stock-market crash, he had not hoped to get anything out of it, he had merely been trying to save the bank. Yet Mrs. Mitchell, Medalie shows, had not had enough income to pay even the interest on the loan from Morgan necessary to carry the stock she was supposed to have bought, but had not paid for; no transfer stamps had been attached to the letter recording the sale; and afterwards Mitchell had bought the stock back from his wife at the same price. He had bought the other stock back in the same way; and the \$666,666.67 which has been asserted by the defense to have been a loan had, according to the prosecution, been written off the books of the bank as if it had been a bonus.

On the stand Mitchell's prestige evaporates. The perfect type of the big executive of the cigarette and success-course advertisements undergoes a degradation. Confronting the lawyers with his

blue suit, his robust torso and grizzled crest, with his scowling brows of power and his forceful nose joined by coarse lines to his wide and common mouth, he throws out his hands in stock gestures of frankness and exposition, making things clear weakly; tries to put over points with a finger that no longer carries conviction; breaks down in the middle of sentences, frowning helplessly, his mouth hanging open. In reply to questions featured by his attorney, "I did!" "I certainly did!" he declares with the ham dramatic emphasis of a movie actor playing the role of a big executive. And there is a suggestion of the racetrack about him—yes, he used to take bets on securities. It has been a mannerism of Mitchell's to hitch one eyebrow up and pull the other portentously down as if he were squinting into the mysteries of finance which ordinary people couldn't penetrate, but which to him revealed refulgent visions. Year after year, as the depression deepened, still did his prophecies never fail—still did he sustain the spirit of the people. But today the shaggily squinted eye seems merely shying at awkward questions.

It is wrong to take out on individuals one's resentment against the abuses of institutions. Charley Mitchell, the investment superman, could never of course have been created without the mania of the public to believe in him. It was the climate and soil of the boom which made of the ambitious boy who worked his way through Amherst by giving courses in public speaking, the smart clerk at Western Electric who used to pay out part of his weekly \$10 to take business courses at a night-school—it was the climate and soil of the boom which nurtured this being and his fellows. So the eyes of the fishes of the dark ocean depths become eventually

atrophied and blind, so they learn to excrete their luminous mucus; so dwelling below the level where a diet of plants is possible, they develop their valise-like carnivorous jaws.

And it is cruel to expose the discomfiture of men enduring deep humiliation. But all the prosperity writers these many years have been laboring to build Mitchell up as a respectable public figure. And they are still at it: the newspaper reporters at the trial have worked hard to provide him with a firmness of front which he certainly did not display. In particular, The Evening Post has grown emotional and almost poetic in describing the melting effect of Mitchell's testimony. The auditors, it said, as they heard him, relived the great days of expansion—for a moment the pulse throbbed, the spirit lifted, as they recalled that lost faith and hope—how could they refuse to put themselves in the place of their tragically mistaken leader, how could they find it in their hearts to condemn him? Well, it is time that we ceased to allow The Evening Post to determine our moods and impressions. Charley Mitchell has been arrested at the orders of the President of the United States and while we have got him, let us take a look at him. The head of the biggest financial institution in the country, whose arrogance was lately so great that it was reputed to constitute *lèse majesté* to tell him his pants were unbuttoned and who, proceeding in the same spirit, did not even think it necessary to go through the formalities of covering up his frauds against the government, is a man with a full-fleshed common face and a fierce unconvincing eye—a man of a low order, caught in suspicious circumstances and hard put to it to talk himself out.

EDMUND WILSON.

Consumers' Strike

WHEN THE Brooklyn Edison Company decided that for the greater profit of its stockholders the budget had to be reduced, they began the operation by discharging about 5,000 men. These men, dropped almost without warning into the breadlines by one of the richest and most prosperous concerns in Greater New York, at once set to work organizing not only themselves but the consumers of gas and electricity. They appealed to the users of gas and electricity to declare a consumers' strike: to use, for at least one month, only candles for lighting and kerosene for cooking. By these methods they hoped to force the Brooklyn Edison to reinstate the 5,000 discharged employees. Every Thursday at noon lively open-air meetings were held by the Brotherhood of Edison Employees at Borough Hall in Brooklyn in an effort to organize the strike. Men and girls

sold candles in the crowd. "Buy a candle! Dine by candle light! Join the consumers' strike," they chanted.

I arrived at a recent meeting in time to hear the speaker say: "The twin pillars that hold up the prosperity of the Brooklyn Edison Company are high prices to the consumers and low wages to employees! Why do you consumers pay your bills without a protest? Why don't you complain? When you pay your bill tell them it's too much, tell them you want our 5,000 laid-off men reinstated. Help us and help yourselves! Use less electricity and tell them why!

"Dine by candle light, use non-coöperation! Join the consumers' strike! Why should 5,000 of us be on the breadline while your big bills make millions for dividends and millions for surplus? Mr. Parker, president of the Brooklyn Edison Com-

pany, is also chairman of the Unemployment Relief. Well, he's put a lot of our fellows out of employment.

"Dividends have been increased 40 percent, that's out of your pockets. Employment has been decreased 40 percent, that's *us* on the breadlines! You and us are making dividends for them. Take a sock at them, you suckers, and dine by candle light!"

The crowd laughed. There must have been nearly a thousand people. It was a popular cause, for everyone has a grudge against the gas and electric-light company. Everyone knows his bills are too big. Everyone has received those mean little letters to the effect that if the bill is not paid before such a date the light will be turned off—and *it will be*—as sure as sunrise.

The Brooklyn Edison Company reached its twenty-ninth birthday a little while ago. It has never passed or cut its 8-percent dividend. The electric-light business in Brooklyn and Greater New York is a monopoly. The state protects it. The Consolidated Gas Company of New York is the holding company. It combined and has dominated the Brooklyn Edison Company since 1928.

Its earnings are fabulous. The original stock has been redeemed two and a half times in its twenty-nine years. The capital stock has been increased from \$19 million in 1921 to \$125 million ten years later, or 600 percent more stock. But Brooklyn only consumed from 10 to 15 percent more current every year. It makes one want to go right out and buy an oil lamp. The gross sales in 1931 were \$48 million, the sum available for dividends \$13 million; the actual dividends paid \$8.8 million that year, while \$4.2 million were added to \$26 million surplus, and its reserve fund increased to \$20 million. Ten million dollars were paid out in dividends in 1932. The years of the locust could do nothing to this company, which in 1931 and 1932 had a total increase of 42 million kilowatt hours over 1930.

Economies were not neglected in spite of this unprecedented prosperity. These economies came out of the employees. The pay roll was cut \$1,126,017 in 1931. In 1932, \$2 million more was deducted from the pay roll even though dividends had increased \$2.8 million over the year before. Brooklyn Edison wages have always been far below those of union labor, but the employees have been cozened and diddled into taking low pay in the belief that they would have steady work. Not at all. Nearly 5,000 of them were fired.

While they were laying off people, 36 million feet of overhead electric wire which the state legislature years ago reported should be buried still festooned Brooklyn streets.

The Brotherhood of Edison Employees was formed to protect the workers against the monster which everyone all along has suspected the gas and electric-light company to be. The Brotherhood is not affiliated with the American Federation of

Labor. The National Committee on Utilities and Labor, supporting the Brotherhood in its public appeals, claims that the A. F. of L. has an agreement not to organize Edison employees. Mr. J. C. Parker argues that electrical workers should not be organized any more than policemen should. They could plunge you into darkness. English workers have tried such tricks. So every known means is used to suppress the union. It functions entirely underground like a union in Tsarist Russia. Cells exist and groups get in touch with each other by the grapevine system. All union members who are spotted are promptly fired. A little blue mimeographed paper called *The Live Wire* was the means of communication. Employees found distributing this paper have been set upon by thugs. So last year sympathizers—clergymen and theological students—undertook to distribute it.

The little blue paper since then has been declared legal and is now distributed under police protection. It has now advanced to a printed monthly for Greater New York's utility workers. Moreover, the Public Service Commission has ordered Brooklyn Edison to show cause for discharging 5,000 men in two years. It is required to answer the complaints of its consumers that its labor policies are "unreasonable, unjust and unlawful." Under pressure of the Brotherhood's campaign, the Public Service Commission has taken jurisdiction of the case—the first time in twenty-five years that the rights of utility labor have been recognized by the Commission.

Until recently the secretary of the Brotherhood was William Beedie. He is from Glasgow and has been for many years a member of the Independent Labor party. He worked six years for Edison Electric before he was laid off. Of medium height, slender, with a thinker's head, small neat features and a long Scottish lip, he is a resourceful and swift-moving fighter. In a light Scottish burr he will fill in the details for you about the skullduggery.

"How could they discharge so many? It was by taking it out of the hides of those who were left. By speeding up, by making one man do the work of two." It seems there are twice as many accidents now as before the lay-off. There are ghastly stories of tired men working, inadequately protected, around live wires. At a recent hearing before the Public Service Commission a company witness admitted that there have been 27,700 injuries to employees in five years—an average of one injury to every second or third worker.

"And the time they chose to discharge the men!" says Mr. Beedie. "Twenty-two hundred of them discharged just before their vacation and 2,800 discharged just so they couldn't get their Christmas bonus. There's no length Brooklyn Edison won't go to make money. Then the spotters! There's no telling any more who's a stool pigeon. If you won't spy when you're asked, out you go." Although it was recently necessary for Mr. Beedie to withdraw his leadership temporarily, the campaign goes on

apace and is spreading over the country. The consumers' strike proved popular, as one might expect. It's satisfying to do something about the electric bill besides pay and pay and pay.

MARY HEATON VORSE.

Washington Notes

*Passing the Glass Bill—Loopholes for the Rich—
London Fog—Our Foreign Experts—
Sour Notes in the Press*

BEFORE we turn our attention wholly to the future and put entirely behind us the amazing session of Congress which has just come to a confused and bitter close, it seems worth while to comment upon the so-called Glass-Steagall bank bill which astonishingly became law just before the end of the session. While there are some extremely important and deplorable omissions in this bill, omissions which greatly impair its usefulness, it also has some rather important provisions which are being generally overlooked in the uproar regarding the unfortunate guarantee-of-deposits clause.

Of course, the fact that it really did pass is one of the major surprises of a session of Congress which has been full of surprises. It had not been placed on the administration emergency program, and was not expected by the White House leadership to be taken up. Budget Director Douglas, who seems to have more influence as the financial adviser of the President—particularly since the publication of the Morgan lists—than the Secretary of the Treasury, made slight secret of his disapproval of the deposit guarantee, as well as of other features of the bill. Members of the inner administration circle regarded the bill as dead for the session and were well content. What really revived it were the disclosures of the Morgan inquiry. Two days after the fact that the twenty Morgan partners had paid no income taxes for two years was brought out, the Senate shot the Glass bill through without a roll call. That, however, was regarded as merely an impulsive Senate gesture and it was not expected the bill would come back from the House. However, two days before the end, back it came and the opposition magically disappeared. This was partly due to the unexpected "folding up" of Mr. Huey Long, who had been counted upon to make a fight against the measure if it were brought up again. For reasons of his own, not unconnected, I am told, with the Senate probe into the Louisiana charges against him, the pudgy Mr. Long let it be known that he would not turn a wheel. With that assurance, the enactment was automatic.

In the judgment of most informed men here, Congress inexcusably muffed the splendid chance efficiently to plug the loopholes in the law by which our very rich escape payment of taxes. True, they made a stab at it, and certainly it has been rendered somewhat more difficult. But the holes are still there and, despite the public sentiment for effective action after the Morgan exposures, there seemed neither brains nor heart in Congress to do the thing in a clean-cut, workmanlike way. Nor was there intelligent guidance from the White House in this matter, though it would seem to most people to be of prime importance.

In brief, the job was botched and there still remain ways and means by which the men with large incomes will be able to avoid payment of proportionate taxes. They simply did not go to the root of the business.

There are still some echoes of the June 15 debt payments reverberating in diplomatic circles here but, with the crisis past and Congress adjourned, interest has naturally increased in the World Economic Conference at London. From the start things have not seemed to go well over there from the American point of view, and the feeling as to the ultimate outcome grows more pessimistic all the time. This is to some extent due to the belief that the approach to the Conference was inept and ineffectual, and that no real understandings were arrived at in the Washington conversations during April. All they amounted to were good-will gestures, in which everybody boldly advocated harmony, coöperation and brotherly love. It is also partly due to the personnel of our delegation, which includes no man of experience and none with any real knowledge of foreign affairs. Moreover, there is considerable skepticism here about the quality of our experts who accompanied the delegation abroad compared to those of England and France. During the preliminary talks here, they certainly did not handle themselves in a way to arouse much enthusiasm.

What is more, the revered Professor Moley, who, besides being the President's confidential adviser and friend is also an Assistant Secretary of State and has now become a weekly syndicated writer for the press, increased the pessimism by the somewhat doleful picture he portrayed in one of his first articles of the difficulties in the path of success. The Professor warned us not to expect too much in the way of results from the Conference. So far I have encountered no one who does. Yet, somehow or other, a surface success must be achieved if the world despair is not to be deepened and the ground gained since March 4 is not to be lost. So vital does this appear that it is incredible to me that a certain amount of progress will not be made. Despite Professor Moley and various of the hard-boiled conference veterans, who consistently disbelieve in all international conferences, I am convinced that there will be sufficient results along the lines of stabilization of the currency and the tariff, at least to save the faces of the statesmen and to avoid chilling our courage in the struggle upon which the vast new Roosevelt domestic program has launched us.

Incidentally, it may be worth mentioning that, while in his mouselike way he keeps well under cover, the eminent Colonel E. M. House still retains the position he has had since Mr. Roosevelt's nomination, as his most trusted adviser in matters of foreign affairs. The President has a deep appreciation of the Colonel's wisdom, and, though the Colonel does not come to the White House in person, he talks on the telephone with Mr. Roosevelt with great frequency and is consulted by him before any move is made in the foreign field. The "corps of correspondents" still does not seem to know that Colonel House is one of the real inside group, but it is none the less true.

Speaking of the "corps of correspondents," there are certain signs that the early enthusiasm for Roosevelt is begin-

ning to wane slightly. While the majority of them are still excitedly contrasting the warmth, color and charm of this President with the sourness and gloom of his unfortunate predecessor, some of the more acute are beginning to be a little restive under the "New Deal" treatment and rather miss the old days when they could rush back from the press conference and indite critical pieces, pressing on a lot of sore spots. A lot of them like being jollied and kidded and "taken into the family." But some of them do not care for as much as they have been getting and are gradually beginning to feel that there is a considerable amount of good copy around here connected with the New Deal which is being lost largely because "the boys of the press" don't want to be unclubby.

The time is coming, I think, when they have got to be, and it will be interesting then to see whether this administration, which has had the most astoundingly good press from the start, will be good tempered about well based criticism. There have been numerous indications that the White House closely watches the dispatches here for "sour notes" and the President himself has selected a few to point out that the writer was all wrong. He does this with a broad, tolerant air and in a rather jocular way, but the mere fact that he has, in all the thousands of columns of praise, found a paragraph or two that was mildly dissentient, seems to me somewhat significant.

T. R. B.

Washington.

Other People's Money

The Glass-Steagall Bill—Nourishing the Old Abuses—Preparing for Another Crash—Three Doughty Knights

AFTER ALL the agonies which prophets have suffered I am still bold enough to venture timidly once more upon prophecy. Congress has just passed, and the President has signed, the Glass-Steagall banking bill. It is about this bill that I dare to make a prediction.

It has one or two good features—the divorcement of affiliates of banks within a year and the attempt to compel private bankers to separate their commercial-banking and investment-banking business. But aside from that it is, I believe, just as bad a bill as Congress could have possibly enacted. It will make the banking business in America worse instead of better.

This bill permits branch banking by national banks within state boundaries in those states where branch banking is permitted to state banks. It is, therefore, an extension of branch banking. There is no objection to this in itself. But there is not one word in this bill which aims at what is the greatest of all the abuses in banking—that is the control of banks by holding companies. While national branch banking is, by the letter of the law, limited to states, there is nothing to prevent the holding company from owning half a dozen or more branch-banking systems in several states.

In Michigan branch banking is permitted by state law only within the limits of a municipality. But this did not prevent the Guardian Detroit group and the Detroit Bank-

ers' group from operating branch banks all over the state. Branch banks in different cities were united by means of holding companies. The Transamerica Corporation owned a big branch-banking outfit in California and another in New York State. Therefore we may now expect to see the union of state branch-banking systems by means of the holding company.

This, however, is only part of the picture. The bank affiliate has now been made illegal. But there is nothing to prevent a holding company which owns a security corporation from also owning a banking corporation. Under the new law a national bank or a state bank in the Federal Reserve System will have to demobilize its affiliate, which is a separate corporation owned by the same group of stockholders as the bank. But there is nothing in the law to cover a case like the Transamerica Corporation. This corporation owns a subsidiary which in turn owns the Bank of America, with 300 branches. But the Transamerica Corporation also owns the Bancamerica-Blair Corporation and half a dozen other subsidiaries. The effect of this new law, therefore, will be to encourage those who want affiliates to embrace the holding-company type of banking.

It is a fair assumption, therefore, that in the next few years we will see a rise of branch banking in states where it is permitted and a rise of holding-company control of branch banks and holding-company control of security and investment operations. Moreover, the barring of affiliates without at the same time outlawing holding-company banking will have the effect of stimulating this movement.

There is, perhaps, no form of banking which is worse or which has brought more disaster upon the United States than this holding-company system of banking. It is the root evil which has been poisoning and spreading through our whole industrial life. But nowhere has it produced such devastating effects as in banking. Yet, so far as I know, neither the federal government nor any state has made one move to check it. The present bill is unintentionally a move to encourage and stimulate it. The bill, therefore, without touching any of the fundamental vices of American banking, actually sets in motion forces which will tend to spread and intensify those vices and, to crown all, guarantee the deposits in what will be the worst form of banking in the world.

Let us see now how it is going to work out.

Of course, one answer to this is that we are now a soberer and a wiser people and we will not readily go back to those practices which brought us into so much trouble.

The answer to that, of course, is "Oh, yeah?"

For instance, one of the things which brought us into so much trouble was wild, crazy speculation. You might suppose we would be cured of that—not completely, of course, but a little; not permanently, of course, but for a while. Well, in the beginning of October, 1929, just before the historic crash of that year, when speculation had gotten to its craziest, the number of shares sold in a single week was 19,140,280. Last week the number traded by this sober, remorseful and cured nation was 19,925,090. In 1928, the same week had a total of 17,686,715. In 1927, the same week had a total of 8,972,491. Anyone who thinks we have learned any lessons is due for a serious jolt. All the old operators—the investment-trust boys, the invest-

ment bankers, the stock promoters of all kinds, sensing the approach of a little business, are taking out all the old shells and peas and wheels and dice and cards and getting ready to take money away from the same people in the same old way.

All over the land trade associations are busy preparing to assume and administer that part of the sovereignty of the American people which has been surrendered into their hands by the President and Congress through the industrial-control bill. These bodies will now legislate on such minor subjects as prices, production, wages, standards and other unimportant matters which consume 90 percent of the income of the people, leaving to the government the matter of taxes which use up the other 10 percent. Of course, all this government of the American people by trade associations will be subject to supervision by the President. But the President is a pretty busy man. He must act through agents, and he has chosen as his agent General Hugh Johnson. An early report was that the General had summoned to his side to assist him in "protecting" the people against the trade associations three hardy "protectors" of the people—Walter C. Teagle, president of the Standard Oil Company of New Jersey, Alfred P. Sloan, president of General Motors, and Barney Baruch, Wall Street free lance.

These members of the protectorate ought to be given their full titles. They are members of the Morgan alumni. You will recall that the House of Morgan has conferred degrees—badges of honor—upon numerous gentlemen. Mr. Teagle was awarded the order of Standard Brands (S.B.), United Corporation, (U.C.), and Alleghany Corporation (A.C.). These three protectors, therefore, are Walter C. Teagle, S.B., A.C., U.C., Alfred P. Sloan, S.B., A.C. U.C., Barney Baruch, S.B. Doubtless the President will see that there are some men at General Johnson's right hand who do not hold such degrees.

And by the way, there is another favorite pupil and member of the alumni—Mr. Willie Woodin, S.B., U.C., A.C. and a couple of others, who is still in Washington.

JOHN T. FLYNN.

Summer Niceties

IN A CLIPPING from The San Antonio Express lately sent me there is shown a picture of the San Jose Mission and the model being made for its reconstruction. The names of the stone carvers doing this work so beautifully are given, Isador Montelongo and Ramon Perez. From one of the backward nations, you can tell by the names; just as you know that we have not too many people like them. They have learned long and laboriously their craft, living meanwhile their lives, into which the craft fits, a part of one's fate, of one's natural process and of one's satisfaction. The trend of our American attitude has been further and further away from that.

We long to spare the workman any superfluous knowledge. He has his rights whether—as a craftsman or as a human being good for anything besides consumption and production—he has a right to them or not. It is not quite clear, perhaps, just what it is all about, this concern

to get leisure, to have short hours, to profit by machine methods and machine substitutes, unless it should be that you want to go somewhere. It is equally vague as to where it is you go or want to go, since the method results in making other places the same as the place you left. I am not talking about our great artists, they are all off at their summer homes by now, doubtless, or in Paris seeing each other, and so are out of this picture. I am talking about artisans and, among our artisans, of the little people so often from the backward nations, whom we call in to do the real technique after we have got the big idea. It all amounts to one more comment on our national short cut to unhappiness. And this, in turn, does not mean the unhappiness of the depression which so many people at present are enjoying because it lets them out of that fat vacuum into which the general state of things had dangled them. It means the restlessness, the emptiness showing in the organization, the committees, in the morning post of circulars and in a hundred other ways, the adolescent refusal to admit the needs and usages of the human life within us. The theatre parallel so far must be obvious.

I often wonder how much New York, or Broadway, knows of what certain decent people coming from the provinces think of it. For there are, scattered here and there over this wide country, certain people who have a taste for the theatre and who have read of the great Broadway goings-on. These people have still with them the tradition, often by now only a rumor, of certain dignities or elevations or at least declamations in the theatre; some of them go so far as to think, for a simple illustration, that actors have been trained to speak. What they find, coming on to Broadway with such prejudices in art's favor, we all know; we have only to review in our minds this past season to picture the impression these visitors receive. It will, however, be less and less the case; already it is so. And this is due, and will be due, not necessarily because the stage will improve—though we may hope for that—but because of the beneficent influence of the moving pictures and their fuller flower, the talkies. They have already prepared the worst cultured die-hard in the least progressive province for the idea of Broadway, the level of taste, the smearing down of things to please as many as possible, the popular concessions; and now they are helping with the language, preparing these backward ears to face a barren diction, no rhythm, no complexity, plenty of slang but a schoolbook ignorance and a bourgeois fright at idiom profoundly characteristic of English.

Nevertheless the fact remains that, other things being equal, our Broadway world would like the better, just as in other fields over our country we should, other things being equal, like the better or even the best. There is among our theatres no small element that, if it had success also, would prefer quality; and among playgoers many who, if an occasion proves indisputably to be good, do not dislike it. And so we reach the subject: the summer theatres. At many points not far from New York, and scattered over the whole country, there are more and more of these summer adventures. They run all the way from mere vacation companies playing for resorts or summer residents, and repertory companies repeating successes or trying out plays, to groups drilling with practical productions, theatre-school organizations, and certain ventures for which the leisure and spirit of summer provide happier possibilities. In these

summer ventures conditions hold that tend to make the success aspect less urgent, and the aspect of quality, therefore, somewhat freer.

For these summer-theatre enterprises I have been interested to see that the explanation has been largely economic. The whole matter of theatre rents, salaries, stage unions, et cetera, is involved, which is obvious. This is partly an explanation, but it is an explanation only partly important, since the subject then becomes a mere side-issue of the familiar depression. We should do better to say that it is not only money, but that many actors and directors are glad to have a chance for practice toward greater variety, toward mastering at least the beginning of a technique. Many of them, also, find that the spirit proper to the theatre art, of swing and play, evanescence, improvisation, variation in mood and attack, is more likely in these summer theatres than in the Broadway routine. There are many other points to be thought of for these summer stages: on them large souls can experiment, small souls can find compensation; plays not quite written can discover themselves; directors can learn more easily what share of freedom belongs to the individual in the actor; players can test the range of their own capacity, which of them must stick to his one last, which try for variation in the roles undertaken; and so on.

Out of the list of these summer companies, too large to mention and steadily growing, we may mention in New York State the Westchester Playhouse at Mt. Kisco, the County Center at White Plains, the Maverick Theatre at Woodstock; in Connecticut, the Brookfield Playhouse at Brookfield Center, the Jitney Players, with headquarters at Madison, the Theatre in the Woods at Norwalk, the Country Playhouse at Westport; the Lakewood Theatre in New Jersey; the Ogunquit Playhouse in Maine. Of the plays repeated from Broadway we have such pieces as "Dangerous Corner," "Whistling in the Dark," "The Vinegar Tree," "The Late Christopher Bean," "When Ladies Meet," "The Second Man," "There's Always Juliet" and others, none of any great importance, and certain older plays like "The Devil Passes," "Meet the Wife," "Enter Madame" and on up as far as, say "Candida" or "The Show-Off." The Theatre in the Woods will stick to musical productions entirely; the Brookfield Playhouse to new works by American playwrights. On the Westport list is Hjalmar Bergman's "The Nobel Prize," at White Plains Emil Ludwig's "Peace Palace."

To single out three instances that seem to me significant illustrations in three different aspects of what the summer theatre may afford—

Madame Maria Ouspenskaya. An actress from the Moscow Art Theatre who for diverse reasons is less seen on Broadway than any admirer of fine acting could wish. In August at the Westchester Playhouse Madame Ouspenskaya will play the role of the governess, the lead, in "Mademoiselle" by Jacques Deval. Miss Grace George produced this play last autumn in New York, but entirely missed the sting, the grotesque Gallicism and the ironic power and wit of the character, so that in her hands the play lost all its point and quality. I should expect from Madame Ouspenskaya in this part such a performance as is rarely to be seen on any stage anywhere. Through her this French piece will take on an astonishing crackle and drama.

Repertory Playhouse Associates, Inc. Under the direction of Mr. Herbert V. Gellendré, at Putney, Vermont, the acting company and the summer student group will begin their productions with "Corrido," a Mexican dance festival, follow that with a dramatic choral, "We Sing," and with three plays, "It Is a Strange House," by Dana Burnett, "I've Seen Myself Before," by Virgil Geddes, and "Squaring the Circle," by V. Kataev. The performers associated with Miss Martha Graham in the Miracle Plays produced at the Guild Theatre last March were members of the R.P.A., trained by Mr. Gellendré. Without knowing who they were, I watched with curious amazement a whole cast of young players in which there was not a false note of exhibitionism, stage egotism, vulgarity or tricks, but only what seemed to me a fine and pure approach to all they did. Mr. Gellendré plainly has begun at the right end: he has, without asking subsidies, arrived at some degree of technical proficiency for his performers, and is now ready for definite support from people interested in a genuine theatre. His plans already include the development of a permanent Negro repertory company, with productions announced for the coming fall season. It will be seen from the summer list of productions that the intention is toward the whole art of the theatre, with its correlation of acting, music and the dance.

Mr. Robert Edmond Jones. At the Central City Opera House, near Denver, Mr. Jones will follow his last summer's "Camille" with a production of "The Merry Widow." In this particular direction of the Viennese, of the rococo, the whole region indeed of the lighter baroque, which he commands as well as he does baroque of a more profound character, in this realm of what might be called *purely melodic design*, the gifts of this theatre designer have scarcely been touched. Such a piece as "The Merry Widow" can release into a field that has usually been mere banality and expense a gay, happy, rich, witty distinction and taste. It will, too, be in a direction that, to take one example, Mr. Jones' magnificent décor for the Rockefeller Center "Carmen" might not have led one to expect.

STARK YOUNG.

CORRESPONDENCE

Letting Down the Bars

SIR: Running through the contemporary writings by economists is the everlasting refrain: "Lower trade barriers, restore trade to its 'normal' and 'natural' channels, and we shall all start on the beautiful road to 'recovery.' " I should like to ask these economists a few questions.

1. How do they know what is "normal"?
2. How do they know what is "natural"?
3. How do they know that lowering trade barriers will release Western nations from the economic jam which is now so apparent?

When an engineer says that if you run a certain amount of water down a five-inch pipe at a certain angle for a certain distance in a certain time you can produce ten horse-power in electricity, he knows what he is talking about. He has seen it done and he knows that, given the laws of materials and forces, a positive result will follow. Can these assertive economists make any demonstration of the proposition they are shouting from the housetops? Are they merely reciting snatches of song from the ideology of the British manufacturing classes, appropriate to 1850 in Great Britain,

without inquiring into the realities of modern commerce under the regime of technology or without asking themselves what they think they are doing when they think they are thinking?

If they are, then the Grand Consolidated and Amalgamated Economic Conference held in Great Britain will end in a mid-summer frost, so far as trade barriers are concerned. If it does not, then it will be interesting to see Secretary Hull deliver cuts in the tariff on cotton goods and a number of other products manufactured below the Mason and Dixon line, to say nothing of steel rails and razor blades.

New Milford, Conn.

CHARLES A. BEARD.

Red Blood and Hemingway

SIR: Someone has voiced the opinion—so fantastic as to seem almost hysterical to me—that my article, "Bull in the Afternoon" [The New Republic, June 7], contained personal reflections upon Ernest Hemingway's manhood, courage or what-not. May I have space to quote the gist of what I said about him?

Hemingway is a full-sized man. . . . Hemingway lacks the serene confidence that he is a full-sized man. Most of us too delicately organized babies who grow up to be artists suffer at times from that small inward doubt. . . . He is himself, moreover, courageous enough—and with a courage rarer than that of toreros. . . . Hemingway is one of the most sensitive and vivid-living of these poets, one of the most passionately intolerant, too, of priggery and parlor triviality and old maid's morals and empty skulls hiding in unintelligibility. . . . We took this young man . . . and we shoved him into our pit of slaughter . . . and we thought he would come out weeping and jittering. Well, he came out roaring for blood. . . .

If any other readers are in a state of mind to imagine that my attack on Hemingway's adolescent romantics about bull-fighting contained personal innuendos, I hope they will have the grace to examine my actual words and their own state of mind.

I have known Hemingway for years and always admired his genuine masculinity and cool courage. The first time I ever saw him he had just been blown out of a bathroom by an exploding gas-heater. He arrived half-way down the hall with a smile on his face like a man on a toboggan. That was before he had any literary reputation to hold on to, either. In fact it was about three days before he offered me his first fragments of poetic prose for The Liberator. Nothing could exceed the lunacy of imagining that my tributes to Hemingway at the beginning of my article, and all through it, are insincere. Equally sincere, however, and equally important to literature and social life, is my conviction that Hemingway is gentle and sensitive, and rather puritanical, and that there is a lot of unreal interior bluster involved in his roaring about whorehouses and bull's blood.

Croton-on-Hudson, N. Y.

MAX EASTMAN.

New Verse

SIR: As some of your readers will know, there came into being in January a periodical, New Verse, designed to do much the same service in England as Miss Monroe's Poetry has done in America. Poetry has always been open to English poets. In the same way New Verse is ready and anxious to consider all poems making the reverse journey. Contributions in future will be paid for at a rate as high as New Verse can afford, and while no distinctions but those of merit are made, new writers are particularly welcome. The address is, 4A Keats Grove, London, N.W.3., England.

London, England.

GEOFFREY GRIGSON,
Editor.

For a Life of Galsworthy

SIR: I have been entrusted with the official life of the late John Galsworthy and should be grateful for the publicity of your columns to say how much I should appreciate communications therefor from any quarter—whether in the way of personal reminiscences and anecdotes bearing on any period of his life or phase of his activities (which should be sent to me at The Oaks,

59 Parkside, Wimbledon, S. W. 19, England), or in the way of original letters (which should be sent to Mr. Maxwell E. Perkins, of Messrs. Charles Scribner's Sons, 597 Fifth Avenue, New York).

Any letters so sent will be copied in New York under the supervision of Mr. Perkins, who has very kindly consented to see to this and to the safe return of the letters to their owners, so that it will not be necessary for them to cross the Atlantic.

H. V. MARROT.

Wimbledon, Eng.

The Mexican Seminar

SIR: May we, through your columns, draw the attention of your readers to the Eighth Seminar in Mexico which meets July 8 to July 28, 1933?

The Seminar is held under the auspices of the Committee on Cultural Relations with Latin America and provides opportunity for study of the life and culture of the Mexican people. The Seminar, with eight years' experience behind it, offers a three-weeks' program of lectures, round tables and field trips—all planned to give a comprehensive and non-propagandist introduction to Mexico. The first ten days of the program is conducted in Cuernavaca, a unique background for unhurried and thoughtful discussion. The second ten days is spent in Mexico City. The seminar is followed by three weeks of optional trips to the states of Michoacan and Oaxaca and to the village of Tasco.

HUBERT C. HERRING.

New York City.

Extracts from Letters

RUPPERT KUTZNER, Shillington, Pennsylvania, writes to comment on a recent letter by Johan J. Smertenko, entitled "J'Accuse!" Mr. Kutzner says that "The German nation, the best and only righteous nation in the world, has, for the past fourteen years, gone through a hell of injustice and no 'J'Accuse!' on the part of the Jews was raised about it in any important paper owned by Jews . . . the German Jews particularly are conspicuously lukewarm when they are desired to defend German rights and to write about the crying injustices prevailing, as for instance: revelation of the guilt of the World War, Alsace-Lorraine being in reality old German provinces, the Polish Corridor, surrender of German colonies, unlawful application of sanctions by so-called civilized victor-nations backed up and flattered by fabricated Jewish world opinion, etc.

"Never in my life did I discover an article written by a Jew protesting against these scandalous injustices.

"This very suspicious behavior, especially on the part of German Jews . . . led any honest man to believe that the damnable Treaty of Versailles, Wilson's fourteen lying points, as well as the impossible Dawes and Young Plans are the work of world Jewry. Both Dawes and Young, are they not Jews on the Black List of 'Very close friends of Morgan'?

"Staggering facts would be revealed to you if only you would take the trouble to investigate how wholesale robbery of state funds on the part of so-called intellectual Jews has been systematically committed. . . . The worst of those intellectual Jews is that they will sell any state secrets, especially to France. . . . I fervently hope that other Christian nations may follow Germany's splendid example . . . it is my firm conviction that the life of any good and honest Christian nation would be much happier and less complicated with the Jews absent altogether. . . . You may publish this, if you have the guts."

The Anti-Taxation League, 1182 Broadway, New York City, sends us a copy of an open letter to President Roosevelt urging that we "stop experimenting with socialist 'cure-alls' and turn back to the doctrine of Henry George."

Willard E. Fraser, Greensboro, North Carolina, believes that unemployment among architects was understated recently in The New Republic, and that 80 to 85 percent is a fair estimate.

Sol Greenberg, 2307 Haddon Avenue, Chicago, Illinois, would like to get into touch with architects and engineers in the vicinity of Chicago "interested in joining an organization of technical men aiming at political action looking toward a new social order." This group has no affiliations with Technocracy, Inc.

The Credo of Recovery

The Industrial Discipline and the Governmental Arts, by Rexford G. Tugwell. New York: Columbia University Press. 241 pages. \$2.50.

THE ECONOMIC America of here and now is badly in need of an intellectual audit; but it is hard for a people to charge up depreciation against cherished beliefs. In an angelic universe, in which "one day is like another" and the folk are content "to leave their world to God," wisdom isn't so bad; but in a simian society, in which a bewildered mankind must meet the fortuitous course of events head-on, it has its limitations. For an understanding distilled from experience leads men to mistake the century in which they are living, to confuse the muddle which is with that which was, and to apply obsolescing principles to emerging problems. At this period of crisis, when common sense cannot tell us where we are or how we got there, wisdom must be compounded with less reputable intellectual ingredients to point the way toward recovery. Accordingly, as a credo for a grand adventure into social experimentation, Tugwell's "Industrial Discipline" appears at the opportune moment.

It has been long suspected that the real "Reds" in our midst are the captains of industry. They have been prompted by only the most immediate considerations, and they have given hardly a thought to the incidence of their actions upon our culture. They have turned loose the machine technique and the usages of business to take their turbulent way through a defenseless social order. In every domain of life these revolutionary novelties have played havoc with the ways of our fathers and the values which men have come to serve; and politics, education, religion, amusement, the fine arts and even learning have felt the alien shock. The resulting changes have undermined an individualism based upon the personal right to a pursuit of happiness, made impossible a laissez-faire which sought to subdue government to the role of a minor actor in human affairs, and imposed almost insuperable obstacles in the way of the realization of a democracy. In short, the impact of a blind revolution has created a fault line between a novel business system and an inherited culture and has left in its wake an unplanned and an undirected collectivism.

It is to the resolution of this conflict that Tugwell addresses himself. He cannot concur with a man of good heart and bad history, like Chesterton, who cries "back to the guilds"; nor with a crusading and metaphysical soul, like Marx, who believes that revolution will turn the creative trick; nor with an incurable romantic, like Herbert Hoover, who knows that individualism still survives; nor even with a hopeful skeptic, like Maurice Clark, who despairs about man's ever being able to bargain with machines about the conditions of life on anything like equal terms. Instead, the machine process and business enterprise have come to stay, and they can and must be made conscious instruments of social purpose. To that good end trade associations, trade unions and other groups are to be organized and to be given distinctive roles in the government of an economic order. In the largest meaning of the word, the people must be "disciplined" to industry, and industry must be "disciplined" to the people. Out of potentialities as yet unrealized—perhaps even undiscovered—a richer culture is to arise. In brief, if words may be yoked which wisdom would keep apart, the credo is a liberal collectivism.

A book like this is prophetic rather than historical—and prophecy must be after its own kind. The historian can always give his name and date and, if you press him, beat it to his documents. The less mundane prophet quite properly moves in the rarefied atmosphere of abstraction and avoids the particular. If the reading is a bit tasteless, like a blue-plate at Childs' which is all beef, potatoes and spinach à la abstract, it is well to remember that the records of the nineteen hundred and forties are not yet available. The author can be vivid enough in consigning to oblivion some relic of common sense, as when he points out that the halo thrown about the man who labors hardest and longest derives rather from the Bible than from the gospel of acquisition. But keeping a general argument upon the march, as when he fits out "the governmental arts" with the livery of social planning, the lack of detail and of instance, makes of an intellectual adventure too solemn an affair. On occasion, too, a bit of color seems rather to belong to the landscape behind than to the inviting scene which lies ahead. His interlocking of industries, for example, seems to have a Hegelian hesitancy in spanning the Atlantic; and "mental tests" and "experts"—at least as we know them—seem strangely out of place in a coming industrial democracy. An occasional phrase, such as "consumer-persuading organizations," seems heavy beneath the weight of polysyllables. And here and there a line such as "the attachment of affection and loyalty to larger aims than those of the specific task" is grand; but one wonders just what, concretely, it means. The lack of the kind of detail which gives verisimilitude makes the argument convincing rather than persuasive. But, even so, before economic planning can have its program, it must be fitted out with its philosophy.

It requires, however, a conscious effort to make even these reservations. The cause which the book serves is so worthy, the creed it professes so plausible and its appearance so opportune that one is tempted to endow it with values borrowed from the timely occasion. The reviewer, with only the internal evidence of these pages to guide him, is willing to bet the author a dinner—not at Childs'—that chapters were written months, perhaps even years ago, and that the last touch was given to the manuscript before the New Deal was on. But, had it been definitely pointed, it could not better have served the current need. The book is, in fact, an audit of prevailing economic beliefs, an exposition of the storm centers in our industrial culture, a revelation of the potentialities in our social resources and the grandest sort of sermon to clear the way for the national Industrial Recovery Act.

It is the current occasion which the book ably—and perhaps accidentally—serves. The Industrial Recovery Act can be only an emergency measure, not because the emergency will be smothered beneath a return to "normalcy," but because industries are not alike, and distinct controls must be contrived to serve their very different needs. "The Industrial Discipline" may be a "charter" for a purposive and orderly industrial system, but it is not a program for the establishment of a great economic commonwealth. If economic planning lies ahead, the author does not explore the concrete, colorful and troublesome world of industries under direction. In fact "The Industrial Discipline" is to the national Recovery Act as philosophy is to legislation: together they constitute an invitation to the grandest sort of an economic adventure—destination unknown. Tugwell may continue to be a John the Baptist; but he is no longer preaching in the wilderness.

WALTON H. HAMILTON.

"Trivia in New York"

Poems, by Berenice Dewey. New York: H. L. Ripperger. 82 pages. \$2.50.

FEW PEOPLE who knew Berenice Dewey personally knew that she could write verse. She was perhaps the single case on record of a clever woman writer who associated with literary people without making any capital of her abilities. Yet since 1929 she had been contributing to F. P. A.'s column in *The New York Herald Tribune* over the initials "B. C. D." an extremely witty and skillful series of *vers de société*.

Nor did these verses have much in common with the general run of feminine poetry: there was none of the fashionable heartbreak in them. Berenice Dewey's literary affinities were all with the eighteenth century. She imitated Gay, translated a tale of Gresset; and she cultivated a coolness and precision at their best not unworthy of her models. Some of these pieces are conventional light verse not much different from the run of such stuff in *The Conning Tower*; and some which show originality are amateurish and still want polishing; but a few, for their cruelty and their style, deserve to be preserved in the anthologies. None of our amiable writers of light verse has ever done anything like "Time, Place and Weapons" or "Astronomy Lesson":

Among the moon's most fascinating features
Is Clavius, a crater bleak and spacious,
Remarkable for lack of living creatures,
A man's existence being thought fallacious.
Above its polished floor the culmination
Of steepled alps obscures the solar fervors,
And glimpses of a curious aggregation
Reward the telescopes of trained observers:
The rockets fired by scientific guessers
To illustrate ambiguous conjectures,
The million cannon balls shot by professors
When called upon to give a course of lectures.
Express trains running by a calculation
Outstrip the speed of light, the race decided,
Come to a stop in this unusual station,
No round trip ticket having been provided.
Collapsed balloons drift on these waveless beaches,
The rarity of atmosphere detected . . .
These are the useful facts that science teaches
That once were hardly, if at all, suspected.

Miss Dewey's most interesting achievement, however, was the conclusion of her poem in heroic couplets on the naming of the animals by Adam:

Meanwhile the punctual sun patrolled the blue
As God had strictly ordered it to do,
And in the west its final moments spent
In blending crimson lake and orpiment.
And only one remained of all God's creatures,
Still waiting with composed and patient features.

His was a grace which suffered him to pass
Across a field and hardly stir the grass,
An elegance of person overlaid
With patterned subtleties of light and shade,
The light of reason blazed within his eyes
From constant intellectual exercise.
In short, he was a being who combined
The fatal gift of beauty with a mind.

He raised his radiant head and faced the man,
And with respect and confidence began,
"Give me, O Master, some inspiring name
Which I may bear without a sense of shame,

A title in accord with my ambition,
Polysyllabic, polished, and patrician;
Euphonious, too, because I have a sure
And delicate ear for music, and as pure
A sense of rhythm as any trained musician."

Eager to please his servant, Adam stirred
His flagging fancy for a lofty word,
Then loosed the doom which caused the world to shake
To its foundations. What he said was, "Snake!"

Stunned in the dust, the Snake a moment lay,
And then uncoiled and silent slid away
To feed in solitude upon his pain,
Revenge already burning in his brain.

This was published in *The Conning Tower*, October 21, 1932. Miss Dewey died in January. Her poems were never published over her name nor in book form till after her death. But, though privately brought out by her friends, unadvertised and not generally put on sale, they have achieved an unexpected popularity. Berenice Dewey, to those who knew her, had always seemed a unique personality; and it is a characteristic paradox that she who had been celebrated during her lifetime chiefly for her beauty—she was at one time in the Ziegfeld "Follies"—should since her death have attracted notice for verses in the manner of Pope. E. W.

Introduction to Marx

Towards the Understanding of Karl Marx, by Sidney Hook. New York: The John Day Company. 361 pages. \$2.50.

MR. HOOK has written a really valuable introduction to the study of Marx; indeed, in some ways, his book has claims to be regarded as the most stimulating introduction so far written in English. He has read widely and profoundly in the literature of his subject. He is free from that irritating dogmatism which characterizes so much of the Marxian interpretation; and he is vividly alive to the dynamic, as opposed to the static, character of Marx's work. While I am wholly unable to accept that particular part of his work which attempts to link up Marx with Professor Dewey's instrumentalism, I do not think any reasonable critic can deny this book an important place in the relatively small number of books on its subject which really count.

It merits this eulogy for a number of reasons. There are books on Marx by economists (of which that by Böhm-Bawerk is the supreme example) which never really sought to understand him at all, and contented themselves with picking verbal holes in the great edifice they considered. There are others, like that by even so distinguished a writer as Anton Menger, which made the problems relating to priority of doctrine far more important than the much more important questions which relate to significance of doctrine. There are others, again, by professional admirers which are so concerned to prove his infallibility that they never see the real problems to which his work gives rise. Few great men have been so ill served by their followers; and it is the outstanding merit of Mr. Hook's work that he sees the big issues in a big way and is therefore able to explain why it is that Marx is as definitely the outstanding figure in the history of socialist doctrine as Lenin is the outstanding figure in the history of socialist action.

Mr. Hook makes of Marx above all a revolutionist who is concerned to promote an end which, though involved in

that historic process the large contours of which Marx himself so remarkably delineated, is nevertheless one whose coming is hastened or slowed down by the activities of men. With this key in his hand, Mr. Hook is able to explain the Marxian doctrines in a fashion which often frees them from some of the difficulties of a more "orthodox" interpretation. By this means he seems to me to explain the bourgeois twist given to German socialist theory in the hands of such *epigoni* as Kautsky and his followers. It is a view which lays more emphasis on the "Communist Manifesto" and "The Civil War in France" than on the labor theory of value; and it emphasizes, what neither the critics nor the faithful have sufficiently brought out, that the judgments of Marx are definitely value-judgments and not the attempt at a formal and objective science. Marx ceases to be the neo-Kantian of Bernstein's exegesis, on the one hand, and the mechanically fatalist prophet of so much "official" interpretation, on the other. Marx emerges as a man with a great revolutionary program, engaged in nothing so much as clearing the doctrinal decks for action. From this angle he reveals himself as more nearly the Marx of Lenin's conception than in most portraits; and, in my own judgment, a more intelligible, and also a greater, Marx than the one most usually described.

Where there is so much that is well done, it is difficult to choose particular chapters for praise. Perhaps, however, I may draw particular attention to the chapters on the Marxian dialectic, on historical materialism, and on dictatorship, as admirable examples of Mr. Hook's skill in critical exposition. There can be few readers who will not gain constant illumination from these pages. I regret a little the sacrifice of the historical background that Mr. Hook has been compelled to make and which, he tells us, he had prepared. Some of the difficulties in Marx, especially on the economic side, are only fully intelligible when contemporary economic controversy is taken into account. I regret even more the absence of an account of the economic case that Marx was concerned to answer. The reconstruction of this explains a good deal of some of the contradictions into which any honest critic must admit that Marx at times fell. But what Mr. Hook has given us is in general so valuable that these are relatively minor omissions in a book whose quality will be the more fully understood the more amply its analysis is considered. It marks an epoch in the study of its subject.

HAROLD J. LASKI.

A Culture in Flight

A World Passed By, by Marvin Lowenthal. New York: Harper and Brothers. 535 pages. \$3.50.

THE WORLD about which Marvin Lowenthal writes was made of the condensed little city islands of society that European Jews created for themselves in the Middle Ages, and which have been passed by because they were temporary and seldom natural worlds. By searching streets, cemeteries and public buildings all through western Europe and northern Africa, by exploring the evidence in whatever stone, metal, parchment and hearsay is left of those times, the author has at once made a traveler's guide and reconstructed the running story of a race at bay. The first and really dark centuries after Golgotha have left little to be read or seen. Towards the end of the Dark Ages, the main tides which carried the Tribes westward had broken up into smaller eddies and backwashes; the Jews had already established homes of

some safety and began to find crevices in the crazy structures of medieval economics from which it was possible to push upwards towards security, wealth and power. The gains which they were apparently making were lopped off as soon as these inroads became conspicuous; and in the thirteenth century the liquidation of the Jews was begun.

The history of their culture is the history of a culture in flight. It is surprising how well Mr. Lowenthal has filled his cosmorama and how continuous he has made its progression seem, since the scene itself was so various and disjointed, connected by no more than the common emotion of its separated inhabitants. We read the names of wood-carvers, illuminators, cartographers, king's Jews, and disappointed poets; that in 1615 eighty-four of the eighty-six general stores in Padua were owned by Jews, that modern synagogue art derives from *mudejar* art in Andalus. Throughout the book one feels that the author knows much more than he has written, that he would actually be able to make up the catalogue of what remains of this part of the past. He has not wished to be impressive or conclusive and the resultant ease has lightened the reading of his book.

Evidently the sudden unfolding of a culture, the flowering of a great artistic period, can occur only within the peace of mind of an uncompressed society. In spite of the constant play of their energy, the Jews of the Middle Ages did not take an active part in the life about them, nor did they direct its forces. They were always busy taking care of themselves, without the opportunity or the will to act for the good of the outside world or to perfect their own internal one. They were at both ends of living; on top, as cosmopolites, scholars, commentators and wits, and underneath as business men and craftsmen. These last they were by necessity; and the first, for relief and excitement. We look for the art which the fusing of these two ways of living might have made, and do not find it. The weight of their legacy must be counted in some other way.

JAMES NEUGASS.

Dramatists' Raw Material

B. E. F. The Whole Story of the Bonus March, by W. W. Waters. As told to William C. White. New York: John Day Company. 288 pages. \$2.50.

The Bonus March, by Felix Morrow. New York: International Publishers. 31 pages. 10 cents.

ONE VIVID, somewhat unexpected impression comes out of a reading of these two books on the bonus march. It is that Dostoevsky himself never created a stranger cast of characters or portrayed more complicated relationships than those which can be dimly perceived in the course of the narratives. Speculating on the attitude of the Hoover administration, one is suddenly reminded of the unique nature of Hoover's experience in comparison with that of the mass of the veterans, of his varied international experience, his training as a mining engineer and promoter, and of the curious dual nature of his activities—his translation, for example, of technical works, and his authorship of books and articles attacking all forms of socialist experiment. One is also reminded of his close contacts with the revolutionary governments in Europe after the War, and of the obvious influence of this experience in his attitude towards mass activity. It seems strange now that J. M. Keynes, in 1919, declared Hoover to be the only individual to emerge from the Peace Conference with an enhanced reputation. "This complex personality," Keynes wrote, "with his habitual air of a weary Titan (or

... of an exhausted prize-fighter) ... imported into the Councils of Paris precisely that atmosphere of reality, knowledge, magnanimity and disinterestedness which, if they had been found in other quarters also, would have given us the Good Peace."

But Hoover was only one of the enigmas involved in the whole episode. What were the motivating factors in the decision of Curtis, Vice President and former jockey, to call out the Marines, and what were his emotions when the order was countermanded and when it became known that some of the men had refused to leave their barracks? Such speculations place a considerable strain on the imagination. How is it possible to reconcile the contradictory aspects of Glassford's role—his humane attitude in general and the actual tactics of the police under his orders—without violating our sense of human consistency? What sort of a man was Shinault, the most dramatic mystery of them all, the policeman who shot one of the veterans, turned his revolver on Glassford, and was himself killed a few nights later?

These questions are raised by Waters' "whole story" of the bonus march, and are by no means answered by it. The book is an obvious attempt to capitalize the publicity Waters received during the march, with all the annoying irresponsibility of a story "as told to" someone. In place of the information Waters seems best equipped to give—the details of the organization of the army, the reasons for the tactics followed by the group in control—there are commonplace chapters on "The Red Mirage," "The Coming of the Chiselers" and occasional cryptic references to off-stage happenings. Nor does Felix Morrow's pamphlet suggest answers, for a different reason. It is a concise record of the developments that led up to the eviction, principally devoted to proving that Waters and the group in control of the B.E.F. were dominated by Glassford during the entire history of the march, and making a convincing case of it. Waters' only answer to this charge is to deny that he "sold out" to anyone, which of course is not suggested, and it is an interesting sidelight on his character that he seems unable to distinguish between the taking of a bribe and the more subtle processes of influence and domination.

But the ambiguities that make Waters' book unimportant as a historical record make it suggestive and stimulating in another sense. It is like a novel in which all imaginative elements must be supplied by the reader. The complex personalities involved, the march that was an expression of the suffering of great masses of the people, the hysteria and confusion and the climax of violence and death—all this seems to demand an imaginative portrayal, for it touches on aspects of contemporary experience too subtle for the generalizations of history, and introduces shadings too fine for the sweep of historical summary. A huge crowd of veterans—between sixty and eighty thousand of them, according to Waters—suddenly appears in Washington, in a rush that surprises even those who are most conscious of the acute poverty in the lower ranks of the population. At their head is a man of limited experience, with no political training, with no awareness of his own social role, assuming leadership by methods which can only be guessed.

What type of man was Waters, and what was his preparation for the part he played? He joined the army when he was quite young, because there was "no further West to conquer," served in Mexico and France, and on his return to America was unable to orient himself in even the simplest meaning of the term. "Eager to begin completely anew," he says, describing his life after the War, "I left Idaho for some chance-found place, to make a completely new start. . . . I even took a new name, Bill Kincaid. . . .

Under this name I met and married the girl who is my wife." From a position in life in which his actions, his opinions, had no apparent social significance, he was suddenly lifted into a position in which their importance became tangible and his influence more far-reaching than he could estimate—and suddenly his whole past was drawn into the arena if only in that it had been preparation for this climactic occurrence. His decisions became of national and thus of international importance. Thousands of men responded to his leadership, with unknown thousands more responding in the sense that they might have followed him if his leadership had been more compelling. He could call a huge demonstration and the men would come out, or he could refuse to authorize one, and even if it was held the men would be divided. In the complex of possibilities his inactivity became as important as his actual moves. Both his own book and Felix Morrow's make it clear that there were only two weak props to his rule: his sense of organization, based on his army life, and his twin political slogans, "Keep out the Reds" and "Get the bonus." The first seems to have made him satisfactory to the police, and the second to the veterans. But the alternation of the two kinds of activity implied by these slogans seems to have had drastic psychological consequences; on the day that Congress adjourned, for example, Waters' vacillations were fantastic beyond nightmare. On the Capitol plaza he urged the men to follow him, then to stand back; he was arrested, released, and resisted Glassford's attempt to smuggle him away. Then there were crazy marches in all directions, songs, vaudeville acts, promises and more speeches; and at the height of this tense situation Waters became a character in a Robert Benchley burlesque; he announced, to these men who had endured incredible hardships, and who had just suffered their cruellest disappointment, that he had arranged a Drum and Bugle contest for the next morning.

No recent novel pictures the kind of distress and excitement and alarm that is hidden away, so to speak, in these two books. The photographs in "B.E.F." are excellent; the shots of the troops riding in, their gas masks giving them a horrible, expressionless, horse-faced inhumanity, give the eviction a reality that is not found in the text. But for those seeking exact information, it must be repeated, Waters' book has little value. Critical disclosures are announced, and Waters delivers his grave preliminary charges; but all at once, while we are expecting real revelations, there is a figurative puff of smoke, the nation's defenders pass in review, the depression is mentioned and Waters disappears, waving those frayed patriotic generalizations that have been shot full of holes so many times. ROBERT CANTWELL.

Book Notes

BELLES LETTRES

THE FACTS OF FICTION, by Norman Collins. *New York: E. P. Dutton and Company. 312 pages. \$3.50.*

Mr. Collins presents the Facts of Fiction as seen through the eye of a columnist—an eye sparkling, zesty and at times acute. His book is a series of bright sayings which range from epigram to wisecrack and indulge somewhat too often in word play. A literary columnist is not apt to contribute any important information or sustained theory of the art he discusses. He offers instead a very personal and limited report of a number of authors, written in a gay style—an account often superficial and trivial, but occasionally shrewd and trenchant. This is palatable hammock reading for those seriously interested in the novel and a well sweetened dose for those who prefer to take their criticism flavored and diluted.

FIELDING'S THEORY OF THE NOVEL, by Frederick Olds Bissell, Jr. *Ithaca: Cornell University Press. 86 pages. \$1.*

Mr. Bissell reemphasizes, in this brief study, the general critical judgment that Fielding was the father of the modern novel. Fielding's theory of the novel was his own; before him fiction had been romantic in a disorderly manner and had been written from the point of view of the characters. To him we owe the inauguration of the omniscient method; he introduced contrast, credibility, satire without cruelty, and realism. He discarded the theory that good characters must be rewarded at the end of the book; his good characters achieved happiness, but through their own effort or luck, not, Mr. Bissell notes, as compensation for their goodness. The book is a competent and suggestive summary of the theories which Fielding stated completely and exemplified in "Tom Jones."

SPECIAL DELIVERY, by Branch Cabell, *New York: Robert McBride and Company. 272 pages. \$2.50.*

In this group of papers Mr. Cabell employs the novel device of selecting ten more or less typical letters from his fan mail, and answering them as fully and frankly as he desired. His actual replies were mere conventional notes saying polite nothings. Thus let in on the joke at the start, the reader is introduced to Mr. Cabell's opinions on literature and religion; to his chiding of the literary young lady who offers herself body and soul; to his distaste for autograph hunters, book reviewers, "writers who have something to say" and readers who insist on regarding him chiefly as a writer of Erotica. Epicurean and witty, Mr. Cabell manages most of these essays with a fine lack of sincerity—a quality he derides in one of the essays.

PUBLIC QUESTIONS

THE WAY OUT: WHAT LIES AHEAD FOR AMERICA, by Upton Sinclair. *New York: Farrar and Rinehart. 108 pages. \$1.*

This pamphlet on the present crisis is cast in the form of a series of letters to a young American manufacturer. "I am here," says Upton Sinclair, "seeking to mitigate the class struggle by diminishing the resistance of the owning class. . . . I shall hardly succeed in making a revolutionist of you, Perry, but I may be able to persuade you to understand a little better, and to be less determined in your support of capitalist imperialism." What makes the book generally worth reading is its analysis of the New Deal—a timely piece of journalism in Sinclair's best style. The polemical experience of a lifetime has developed in Upton Sinclair a gift for rapid, lucid and pointed exposition uncommon in the literature of American radicalism. A fault of much of the writing of the Left is its failure to make clear the assumptions from which its criticism derives: this is likely to result in its not being understood by people who do not already share these assumptions and also in its allowing the radicals themselves to become confused about or to neglect to reexamine their fundamental philosophy. A great merit of Sinclair is his skill at making his fundamental philosophy explicit in each of his commentaries on specific situations. The book also includes an interesting open letter to Lincoln Steffens, written in 1903.

FICTION

WHITE MONEY, by Madelon Lulofs. *Translated from the Dutch by G. J. Renier and Irene Clephane. New York: The Century Company. \$2.50.*

This tale of a rubber plantation in Dutch Sumatra has to recommend it the author's impressive knowledge of her subject. Men came, mostly from Holland, to seek their fortunes, and underwent tortures of tropic heat, fever, company politics and loneliness. In the older days they had taken native or Japanese housekeepers and had lived rough, unsocial lives. But with the repeal of the ruling against the marriage of assistant managers, white women began to appear in numbers sufficient to make their influence felt. New automobiles created competition among families, and the struggle to get ahead was many times intensified. The husbands could see the tropics burning away their wives' beauty, turning their offspring into an "Indies' child," while the wives never knew when an angry coolie might suddenly turn and kill his over-

seer. They lived for years with their eyes fixed on the day when they might return to Holland. The dream achieved, they returned only to find Holland even more strange to them than Sumatra. Mme. Lulofs has peopled her novel with characters whose striking reality suggests biography more than fiction. This is doubtless why a first novel of no more than ordinary merit rises considerably above its class.

Contributors

REINHOLD NIEBUHR, professor of Applied Christianity at the Union Theological Seminary, is an editor of *The World Tomorrow* and the author of several books on social and religious subjects, the most recent being "Moral Man and Immoral Society," which was published by Scribner's. He is at present traveling in Europe.

EDWIN BORCHARD has been professor of Law at the Yale University Law School since 1917 and has written numerous books on international law. His latest volume was "Convicting the Innocent," an investigation into the miscarriage of justice through circumstantial evidence, faulty identification, etc.

WALTON H. HAMILTON, professor of Law at Yale, is the author of several volumes on economic subjects and is a frequent contributor to legal and economic periodicals.

HAROLD LASKI, well known to readers of *The New Republic*, recently returned to the London School of Economics after having delivered a series of lectures at Yale.

JAMES NEUGASS, who studied mining engineering and political economy at Yale, the University of Michigan and Oxford University, traveled for six years in the triangle enclosed by the North Cape, Marakesh and Athens. He has published poetry in *The Dial* and other magazines and is at present living in New York City.

ROBERT CANTWELL's second novel, "The Land of Plenty" (his first was "Laugh and Lie Down"), will appear in the late summer under the imprint of Farrar and Rinehart.

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